

taxes held before the Committee on Ways and Means; with an amendment (Rept. No. 1545). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Concurrent Resolution 142. Concurrent resolution authorizing the printing of additional copies of parts 4 and 5 of the hearings relative to revenue revisions, 1947-48, held before the Committee on Ways and Means; without amendment (Rept. No. 1546). Referred to the House Calendar.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 1547. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. DONDERO: Committee on Public Works. S. 1306. An act relating to the construction and disposition of the San Jacinto-San Vicente aqueduct; without amendment (Rept. No. 1548). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROWN of Ohio: Committee on Rules. House Resolution 499. Resolution providing for consideration of H. R. 5470. A bill to repeal subsection (b) of section 3 of the act of December 30, 1947; without amendment (Rept. No. 1549). Referred to the House Calendar.

Mr. BROWN of Ohio: Committee on Rules. House Concurrent Resolution 155. Concurrent resolution to continue the Joint Committee on Housing beyond March 15, 1948, and for other purposes; without amendment (Rept. No. 1550). Referred to the House Calendar.

Mr. WELCH. Committee on Public Lands. H. R. 5122. A bill to amend section 9 of the act of August 24, 1912 (37 Stat. 512); with an amendment (Rept. No. 1551). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DONDERO:

H. R. 5795. A bill to authorize the construction of a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia, and for other purposes; to the Committee on Public Works.

By Mr. CASE of South Dakota:

H. R. 5796. A bill relating to the functions of the General Accounting Office under the Contract Settlement Act of 1944; to the Committee on the Judiciary.

By Mr. DURHAM:

H. R. 5797. A bill to authorize the Federal Works Administrator to transfer and convey certain property to the city of High Point, N. C.; to the Committee on Public Works.

By Mr. POULSON:

H. R. 5798. A bill increasing the immigration quotas for Italy; to the Committee on the Judiciary.

By Mr. YOUNGBLOOD:

H. R. 5799. A bill to amend section 13 of the Surplus Property Act of 1944, as amended, to provide for the disposition of surplus real property to States, political subdivisions, and municipalities for use as public parks, recreational areas, and historic-monument sites, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. CUNNINGHAM:

H. R. 5800. A bill to appropriate \$800,000 for the construction of a building at Knoxville, Iowa; to the Committee on Appropriations.

By Mr. LANE:

H. R. 5801. A bill to authorize the payment of employees of the Bureau of Animal Industry for overtime duty performed at establishments which prepare virus, serum, toxin, or analogous products for use in the treat-

ment of domestic animals; to the Committee on Post Office and Civil Service.

By Mr. MULTER:

H. R. 5802. A bill to provide for the proper administration of laws providing relief and other benefits to former member of the armed forces of the United States and to the dependents of deceased former members of such forces; to the Committee on Veterans' Affairs.

By Mr. TAYLOR:

H. R. 5803. A bill relating to the extension to transferors and transferees in nontaxable reorganization of unused excess-profits credit carry-overs, and for other purposes; to the Committee on Ways and Means.

By Mr. ALBERT:

H. R. 5804. A bill to authorize the Director of the Census to furnish information to individuals for certain purposes without charge; to the Committee on Post Office and Civil Service.

By Mr. BLACKNEY:

H. R. 5805. A bill to extend the time within which application for the benefits of the Mustering-Out Payment Act of 1944 may be made by veterans discharged from the armed forces before the effective date of such act; to the Committee on Armed Services.

By Mr. COOLEY:

H. R. 5806. A bill to extend veterans' preference benefits to the fathers of certain ex-servicemen and ex-servicewomen; to the Committee on Post Office and Civil Service.

By Mr. ELLIOTT:

H. R. 5807. A bill to amend the Hospital Survey and Construction Act; to the Committee on Interstate and Foreign Commerce.

By Mr. KLEIN:

H. R. 5808. A bill to continue on a permanent basis a system of nurseries and nursery schools for the day-care of school-age and under-school-age children in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MILLER of Nebraska:

H. R. 5809. A bill to provide for the treatment of sexual psychopaths in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. PHILLIPS of Tennessee:

H. R. 5810. A bill to provide pensions for veterans of World War I; to the Committee on Veterans' Affairs.

By Mr. TWYMAN:

H. R. 5811. A bill increasing the immigration quotas for Italy; to the Committee on the Judiciary.

By Mr. HAGEN:

H. J. Res. 347. Joint resolution to authorize the Postmaster General to withhold the awarding of star-route contracts for a period of 60 days; to the Committee on Post Office and Civil Service.

By Mr. HARRISON:

H. J. Res. 348. Joint resolution to provide for the maintenance for public use of certain highways in the Shenandoah National Park; to the Committee on Public Lands.

By Mr. HESS:

H. Res. 498. Resolution inquiring into the sinkings and damage done to United States Army transports; to the Committee on Armed Services.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Virginia, ratifying the proposed amendment to the Constitution of the United States relating to the terms of office of the President; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. KLEIN introduced a bill (H. R. 5812) for the relief of Alberta Manna, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1522. By the SPEAKER: petition of Mrs. Nora Kinney and others, petitioning consideration of their resolution with reference to passage of S. 265; to the Committee on Interstate and Foreign Commerce.

1523. Also, petition of the secretary, Fraternal Order of the Odd Fellows of Puerto Rico, petitioning consideration of their resolution with reference to the colonial status of Puerto Rico; to the Committee on Public Lands.

1524. Also, petition of Mrs. William Marcus, Orlando, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1525. Also, petition of Arthur J. Bowen, Cassadaga, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1526. Also, petition of Mrs. Mary E. Duxbury, St. Petersburg, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1527. Also, petition of Ruey E. Collins, St. Cloud, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

SENATE

THURSDAY, MARCH 11, 1948

(Legislative day of Monday, February 2, 1948)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O Christ, who givest peace to every believing heart, bestow that gift upon us now, for we are troubled and uneasy. Events in our world take away our hope and shatter our peace. We need to be reassured that peace is still possible and that God's will shall yet be done upon the earth.

We believe that God's judgments are sure and altogether right, but we do wonder how long Thou wilt suffer godless men to defy Thee and to destroy the dreams Thou hast planted in human hearts. May we trust, not in bombs, however powerful, but in Thee, in Thy might, in Thy love, in Thy plan, and in our secret weapon, the prayers of them that love Thee. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, March 10, 1948, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 2744. An act to provide for the elimination of Regular Army and Regular Air

Force officers and for the retirement of officers, warrant officers, and enlisted men of the Regular Army and the Regular Air Force, and to provide retirement benefits for members of the Reserve components of the Army of the United States, the Air Force of the United States, United States Navy and Marine Corps, and Coast Guard; and

H. R. 3510. An act to authorize the construction, protection, operation, and maintenance of a public airport in the Territory of Alaska.

The message also announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 142. Concurrent resolution authorizing the printing of additional copies of parts 4 and 5 of the hearings relative to revenue revisions, 1947-48, held before the Committee on Ways and Means;

H. Con. Res. 143. Concurrent resolution authorizing the printing of additional copies of the hearings relative to reduction of individual income taxes held before the Committee on Ways and Means; and

H. Con. Res. 144. Concurrent resolution authorizing the Committee on Foreign Affairs to have printed additional copies of a special subcommittee report and appendix on the United States Information Service in Europe.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

MAP OF PRINCIPAL NATURAL-GAS PIPE LINES

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, for the information of the Senate, a copy of that Commission's newly issued map entitled "Principal Natural-Gas Pipe Lines in the United States and Communities Served With Natural, Manufactured, and Mixed Gas, 1947," which, with the accompanying map, was referred to the Committee on Interstate and Foreign Commerce.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate by the President pro tempore and referred as indicated:

A petition of several citizens of the United States, praying for the establishment of a Jewish state in Palestine; to the Committee on Foreign Relations.

A letter in the nature of a petition from Myra S. Barnes, of Staten Island, N. Y., praying for the enactment of legislation to prohibit the dumping of garbage on land within 5 miles of any shore or city, except by a bona fide tiller of the soil (with an accompanying paper); to the Committee on Labor and Public Welfare.

A resolution adopted by the Municipal Council of St. Thomas and St. John, V. I., protesting against any amendment to the Organic Act of the Virgin Islands until the inhabitants of said islands have had an opportunity to first review and express their opinion; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Municipal Council of St. Thomas and St. John, V. I., favoring the enactment of legislation to grant to the Virgin Islands \$2,000,000 for the construction of two modern de luxe hotels at St. Thomas and St. Croix, V. I., to be turned over to an American hotel association for operation; to the Committee on Interior and Insular Affairs.

RESOLUTIONS OF PUBLIC POWER LEAGUE OF WASHINGTON REGARDING PUBLIC POWER AND RECLAMATION

Mr. MAGNUSON. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD resolutions adopted by the Public Power League of Washington at Vancouver, Wash., relating to the development of public power in the Northwest in its relation to certain provisions of the Reclamation Act of 1939.

There being no objection, the resolutions were received, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

PETITION

To the Congress of the United States:

The Public Power League of Washington, Inc., through its president, Ken Billington, and secretary, Maude E. Swick, and 48 other residents of the Third Congressional District of the State of Washington, urges Congress to consider the three resolutions passed by the assembly recently at Vancouver, Wash.:

"Resolution 1

"Whereas the development of the Northwest has been hampered in the field of reclamation and public power by the subversive influence of special interest groups; and

"Whereas these groups operate under various names, often misleading, stating they are interested in soil conservation, reclamation, and public power; and

"Whereas associations with genuine interest in the progress of the Pacific Northwest are frequently infiltrated with a subversive element with the purpose to hamper their interested efforts: Now, therefore, be it

"Resolved, That we urge the National Reclamation Association and the Department of the Interior to safeguard democratic processes in their activities and to avoid undue influence of special interest groups seeking selfish ends."

"Resolution 2

"Whereas there is a Nation-wide and imminent Northwest shortage of electrical energy: Now, therefore, be it

"Resolved—

"1. The Public Power League of Washington, Inc., reaffirms its faith in public power development as a corollary of irrigation as the most beneficial and efficient means of providing ample electrical energy for every use.

"2. That we commend the Bonneville Administration and the Columbia Basin Reclamation Association for the efforts they have put forth to meet any emergency involved in shortage of electrical power and their effective coordination and planning under difficult conditions.

"3. We ask the utmost cooperation from both State and Federal governmental bodies in the efforts of the Bonneville Administration to erect additional facilities for the production of electrical energy and we, as an association, pledge our complete cooperation toward this end."

"Resolution 3

"Whereas the conservation and effective use of water resources of the Columbia River and its tributaries is undeniably essential to the welfare of all the people of the Pacific Northwest; and

"Whereas the present low rate for electrical energy has attracted many industries and particularly light metal industries to the Northwest; and

"Whereas the Rockwell bill (H. R. 2873) as amended is detrimental to the interests of the Northwest, and if passed in its present

form would make it mandatory for Bonneville and Grand Coulee to increase their power rates; and

"Whereas the present low rate has been given a clean bill of health and as a matter of sound business practice has worked out satisfactorily for the Government, as the complete repayment of the costs of the Bonneville dam 5 years ahead of schedule has been made possible when the Bonneville Administration made an advance payment of \$2,100,000 toward the cost of amortizing the investment in the power facilities of the project; and

"Whereas any raise in the Bonneville rate would cause the Northwest to lose many of the light metal industries: Now, therefore, be it

"Resolved, The Public Power League of Washington, Inc. urges the Congress to reject the Rockwell bill as amended, and to enact legislation which will set the amortization period of each individual project for such as will allow each one to pay out at the present rate, whether it be 40 or 90 years."

Adopted February 9, 1948.

KEN BILLINGTON, President.
MAUDE E. SWICK, Secretary.

UNIVERSAL MILITARY TRAINING

Mr. CAPPER. Mr. President, I have a brief letter from Omar B. Ketchum, formerly mayor of Topeka, and now director of the national legislative service for the Veterans of Foreign Wars, in which is set forth the position of that organization with respect to universal military training. I ask unanimous consent to present the letter for appropriate reference, and request that it be printed in the RECORD.

There being no objection, the letter was received, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS OF THE UNITED STATES,

Washington, D. C., March 8, 1948.

To All Members of the Eightieth Congress:

This is to advise that the position of the Veterans of Foreign Wars of the United States with respect to universal military training remains unchanged. Over a long period of years the Veterans of Foreign Wars has championed and demanded the adoption of a system of universal military training for the United States.

The Veterans of Foreign Wars in its 1947 national encampment held last September in Cleveland, Ohio, reaffirmed its traditional stand in favor of universal military training and unanimously endorsed a bill identified as H. R. 4278, now pending on the Union Calendar of the House of Representatives. It is urgently requested in view of the present world situation that immediate action be taken by the Congress to expedite the prompt passage of H. R. 4278.

Respectfully yours,

OMAR B. KETCHUM,
Director, National Legislative Service.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ECTON, from the Committee on Post Office and Civil Service:

S. 2181. A bill to ratify the administrative promotions of employees on military furlough from the field postal service, in certain cases, and for related purposes; without amendment (Rept. No. 975).

By Mr. THYE, from the Committee on Post Office and Civil Service:

S. J. Res. 154. Joint resolution authorizing the issuance of a special series of stamps commemorative of the one-hundredth anniversary of the poultry business in the United States; without amendment (Rept. No. 976);

S. J. Res. 158. Joint resolution to authorize the issuance of a special series of stamps commemorative of the eighty-fifth anniversary of Lincoln's Gettysburg Address; without amendment (Rept. No. 977);

S. J. Res. 178. Joint resolution to authorize the issuance of a special series of stamps commemorative of the one-hundredth anniversary of the creation of the Territory of Minnesota; without amendment (Rept. No. 978);

S. J. Res. 189. Joint resolution to provide for the issuance of a special postage stamp in honor of the Five Civilized Tribes of Indians in Oklahoma; without amendment (Rept. No. 979); and

H. J. Res. 251. Joint resolution to authorize the issuance of a special series of stamps commemorative of the one-hundredth anniversary of the coming of the Swedish pioneers to the Middle West; without amendment (Rept. No. 980).

By Mr. COOPER, from the Committee on Public Works:

S. J. Res. 155. Joint resolution rescinding an order of the Federal Power Commission authorizing redevelopment of the Wilder Dam project; with amendments (Rept. No. 981).

PERSONS EMPLOYED BY COMMITTEES WHO ARE NOT FULL-TIME SENATE OR COMMITTEE EMPLOYEES

The PRESIDENT pro tempore laid before the Senate a report for the month of February 1948, from the chairman of a certain committee, in response to Senate Resolution 319 (78th Cong.), relative to persons employed by committees who are not full-time employees of the Senate or any committee thereof, which was ordered to lie on the table and to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
March 5, 1948.

To the Senate:

The above-mentioned committee hereby submits the following report showing the name of persons employed by the committee who are not full-time employees of the Senate or of the committee for the month of February 1948, in compliance with the terms of Senate Resolution 319, agreed to August 23, 1944:

Milton M. Mayer, 4817 Thirty-sixth Street NW.; Public Housing Administration; annual rate of salary, \$7,341.

Leona V. MacKinnon, 1443 Spring Road NW.; Social Security Administration; annual rate of salary, \$9,975.

E. D. MILLIKIN,
Chairman.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REVERCOMB:

S. 2288. A bill to provide for the sale at cost of Public Housing Administration project, West Virginia, 46011; to the Committee on Banking and Currency.

S. 2289. A bill to amend the Flood Control Act of July 24, 1946, and for other purposes; to the Committee on Public Works.

By Mr. LANGER:

S. 2290. A bill to authorize the Federal Works Administrator and the Postmaster General to finance the construction of post offices, in certain cases, by borrowing from local lending institutions; to the Committee on Public Works.

By Mr. GURNEY:

S. 2291. A bill to authorize the Secretary of the Army or his duly authorized representative to quitclaim a perpetual easement over certain lands adjacent to the Fort Myers Army Airfield, Fla.; to the Committee on Armed Services.

By Mr. MAYBANK:

S. 2292. A bill to provide an appropriate memorial to deceased servicemen of World War II whose bodies have not been recovered or identified or have been buried at sea by providing for having their names inscribed on the walls of chapels and other memorial edifices erected by the Government; to the Committee on Armed Services.

By Mr. MAGNUSON:

S. 2293. A bill for the relief of Mrs. Alma V. Ward; to the Committee on Finance.

S. 2294. A bill for the relief of Catherine A. Glesener; to the Committee on the Judiciary.

By Mr. CAPPER:

S. 2295. A bill to direct the Chief of the Weather Bureau to conduct experiments with respect to methods of controlling rainfall; to the Committee on Interstate and Foreign Commerce.

CONTINUATION OF JOINT COMMITTEE ON HOUSING

Mr. CAIN submitted the following concurrent resolution (S. Con. Res. 45), which was referred to the Committee on Banking and Currency:

Resolved by the Senate (the House of Representatives concurring), That section 3 of the concurrent resolution entitled "Concurrent resolution to establish a joint congressional committee to be known as the Joint Committee on Housing" (H. Con. Res. 104, 80th Cong.), is hereby amended to read as follows:

"Sec. 3. The committee shall from time to time report to the Senate and the House of Representatives the results of its study and investigation, together with such recommendations as to necessary legislation and such other recommendations as it may deem advisable. The committee shall make a preliminary report not later than March 15, 1948, and shall make its final report not later than June 30, 1948. Reports under this section may be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session."

EUROPEAN RECOVERY PROGRAM—AMENDMENTS

Mr. TAFT submitted two amendments intended to be proposed by him to the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world, which were ordered to lie on the table and to be printed.

ADMISSION OF CERTAIN EUROPEAN DISPLACED PERSONS FOR PERMANENT RESIDENCE—AMENDMENT

Mr. REVERCOMB submitted an amendment intended to be proposed by him to the bill (S. 2242) to authorize for a limited period of time the admission into the United States of certain European displaced persons for permanent residence, and for other purposes, which was ordered to lie on the table and to be printed.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles, and referred, as indicated:

H. R. 2744. An act to provide for the elimination of Regular Army and Regular Air Force officers and for the retirement of officers, warrant officers, and enlisted men of the Regular Army and the Regular Air Force, and to provide retirement benefits for members of the Reserve components of the Army of the United States, the Air Force of the United States, United States Navy and Marine Corps, and Coast Guard; to the Committee on Armed Services.

H. R. 3510. An act to authorize the construction, protection, operation, and maintenance of a public airport in the Territory of Alaska; to the Committee on Interstate and Foreign Commerce.

THE CRISIS IN CZECHOSLOVAKIA—ADDRESS BY JURAJ SLAVIK, FORMER AMBASSADOR FROM CZECHOSLOVAKIA

[Mr. HATCH asked and obtained leave to have printed in the RECORD an address delivered by Hon. Juraj Slavik, former Ambassador from Czechoslovakia, on March 10, 1948, which appears in the Appendix.]

EUROPEAN RECOVERY PROGRAM AND UNIVERSAL MILITARY TRAINING—ADDRESS BY NATIONAL COMMANDER O'NEIL

[Mr. O'CONNOR asked and obtained leave to have printed in the RECORD an address on the European recovery program and universal military training, delivered by James F. O'Neill, national commander of the American Legion, at the War Memorial, Baltimore, Md., March 3, 1948, which appears in the Appendix.]

THE SOUTH REACTS—EDITORIAL FROM CHRISTIAN SCIENCE MONITOR

[Mr. MAYBANK asked and obtained leave to have printed in the RECORD an editorial entitled "The South Reacts" published in the Christian Science Monitor of February 12, 1948, which appears in the Appendix.]

WHAT DOES IT MEAN TO BE AN AMERICAN?—ARTICLE BY E. E. PATTON

[Mr. STEWART asked and obtained leave to have printed in the RECORD an article on what it means to be an American, by E. E. Patton from the Knoxville Journal, which appears in the Appendix.]

COMMITTEE MEETING DURING SENATE SESSION

Mr. WHERRY. Mr. President, it is imperative that a unanimous-consent request be made that a subcommittee of the Small Business Committee studying the oil situation be permitted to sit long enough to conclude its hearings this afternoon I ask unanimous consent that such permission be granted.

The PRESIDENT pro tempore. Without objection, permission is granted.

INACTIVE-DUTY TRAINING PAY FOR THE ORGANIZED RESERVE CORPS

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 1174) to provide for inactive duty training pay for the Organized Reserve Corps, to provide uniform standards for inactive duty training pay for all Reserve components of the armed forces, and for other purposes; which was, to

strike out all after the enacting clause and insert:

That section 1 of the National Defense Act, as amended, be further amended by striking out the words "the Officers Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps," and inserting in lieu thereof the words "and the Organized Reserve Corps."

Sec. 2. That section 37a of the National Defense Act of 1916, as amended, is amended by deleting therefrom the following sentence: "A Reserve officer shall not be entitled to pay and allowances except when on active duty."

Sec. 3. That section 14 of the Pay Readjustment Act of 1942, as amended, be amended to read as follows:

"Sec. 14. Reserve and National Guard Personnel: (a) Officers, warrant officers, and enlisted personnel of the Reserve components of any of the services mentioned in the title of this act, when on active duty in the service of the United States, shall be entitled to receive the same pay and allowances as are authorized for persons of corresponding grade and length of service in the Regular Army, Navy, Marine Corps, Coast Guard, or Public Health Service.

"(b) Officers, warrant officers, and enlisted personnel of the Reserve components of any of the services mentioned in the title of this act, when participating in full-time training or other full-time duty (provided for or authorized in the National Defense Act as amended, or in the Naval Reserve Act of 1938, as amended, or in other provisions of law, including participation in exercises or performance of the duties provided for by sections 94, 97, and 99 of the National Defense Act, as amended) shall receive the same pay and allowances as are authorized for persons of corresponding grade and length of service in the Regular Army, Navy, Marine Corps, Coast Guard, or Public Health Service: *Provided*, That they may be given additional training or other duty as provided for by law, without pay, as may be authorized by the head of the Department concerned, with their consent, and when such authorized training or other duty without pay is performed they may in the discretion of the head of the Department concerned, be furnished with transportation to and from such duty, with subsistence en route, and, during the performance of such duty, be furnished with subsistence and quarters in kind or commutation thereof at a rate to be fixed from time to time by the head of the Department concerned.

"(c) Under such regulations as the head of the Department concerned may prescribe, and to the extent provided for by law and by appropriations, officers, warrant officers, and enlisted personnel of the National Guard of the United States, Organized Reserve Corps, Naval Reserve, and Marine Corps Reserve, shall receive compensation at the rate of one-thirtieth of the monthly base pay including longevity pay, authorized for such persons when on active duty in the armed forces of the United States, for each regular period of instruction, or period of appropriate duty, at which they shall have been engaged for not less than 2 hours, including those performed on Sundays and holidays, or for the performance of such other equivalent training, instruction, or duty or appropriate duties as may be prescribed by the head of the Department concerned: *Provided*, That personnel required to perform aerial flights, parachute jumping, glider flights, or submarine duty shall receive the increases in pay provided for by law for personnel in such status: *Provided further*, That for each of the several classes of organizations prescribed for the National Guard of the United States, the Organized Reserve Corps, Naval Reserve, and Marine Corps Reserve, the rules applicable to each of which services and classes within services

may differ, the head of the Department concerned: (1) Shall prescribe minimum standards which must be met before an assembly for drill or other equivalent period of training, instruction, or duty or appropriate duties may be credited for pay purposes, which minimum standards may require the presence for duty of officers and enlisted personnel equal to or in excess of a minimum number or percentage of unit strength for a specified period of time with participation in a prescribed character of training; (2) shall prescribe the maximum number of assemblies, or periods of other equivalent training, instruction, or duty or appropriate duties, which may be counted for pay purposes in each fiscal year; (3) shall prescribe the maximum number of assemblies, or periods of other equivalent training, instruction, or duty or appropriate duties which can be counted for pay purposes in lesser periods of time; and (4) shall prescribe the minimum number of assemblies or periods of other equivalent training, instruction, or duty or appropriate duties, which must be completed in stated periods of time before the personnel of organizations or units can qualify for pay: *And provided further*, That the provisions of this paragraph shall not apply when such persons are entitled to receive full pay and allowances as provided for in paragraphs (a) and (b) of this section.

"(d) In addition to pay provided in paragraph (c) of this section, officers of the National Guard of the United States, Organized Reserve Corps, Naval Reserve, and Marine Corps Reserve, commanding organizations having administrative functions connected therewith shall, whether or not such officers belong to such organizations, receive not more than \$240 a year for the faithful performance of such administrative functions under such regulations as the head of the Department concerned may prescribe; and for the purpose of determining how much shall be paid to such officers so performing such functions, the head of the Department concerned may, from time to time, divide them into classes and fix the amount payable to the officers in each class: *Provided*, That the provisions of this paragraph shall not apply when such persons are entitled to receive full pay and allowances as provided for in paragraphs (a) and (b) of this section."

Sec. 4. That section 55a of the National Defense Act of 1916, as amended, be amended to read as follows:

"Sec. 55a. Organized Reserve Corps—Organization and training: The Organized Reserve Corps shall include the personnel and units of the Officers Reserve Corps, the Enlisted Reserve Corps, and the Organized Reserves. The Secretary of the Army shall prescribe all necessary and proper regulations for the recruiting, organization, government, administration, training, inspections, and mobilization of the Organized Reserve Corps, and shall detail such officers and enlisted personnel of the Regular Army and Organized Reserve Corps, and shall make available such material, uniforms, arms, supplies, equipment, and other facilities of the Army, or procured from funds appropriated for the purpose as he may deem necessary and advisable for the development, training, instruction, and administration of the Organized Reserve Corps and the care of Government property issued to the members and units of the Organized Reserve Corps. Any or all members of the Organized Reserve Corps may be formed into military organizations, which in turn may be sponsored by civilian organizations as affiliated units.

"Organized Reserve Corps units will be of three classes, varying in degree of organization, as follows:

"1. Those combat and service types organized with a full complement of officers and men: *Provided*, That there will be included in this category only those units

which are considered necessary for prompt mobilization.

"2. Those combat and service types generally organized with a full complement of officers and an enlisted cadre.

"3. Those combat and service types generally organized with a full complement of officers only.

"Under such regulations as the Secretary of the Army may prescribe, personnel of the Organized Reserve Corps shall assemble for drill, training, instruction, or other duty and shall participate in encampments, maneuvers, or other exercises: *Provided*, That assemblies for such duty under such regulations for members of the Organized Reserve Corps assigned to fully organized units shall be on the same minimum basis as now or hereafter prescribed for the National Guard: *Provided further*, That other units of the Organized Reserve Corps may be assembled, under such regulations, for such duty; however, personnel of these units may not receive pay in any one fiscal year for a total number of regular periods of instruction, or periods of appropriate duty, at which they shall have been engaged for not less than 2 hours, or for the performance of such other equivalent training, instruction, or duty or appropriate duties as may be prescribed by the Secretary of the Army in accordance with subsection (c), section 14, Pay Readjustment Act of 1942, as amended, in excess of 50 percent of the number of such assemblies authorized for personnel assigned to similar positions in the National Guard: *Provided further*, That members of the Organized Reserve Corps not assigned to table of organization units may be required to perform duties as prescribed by such regulations and receive credit for regular periods of instruction or duty, for pay purposes, up to the same maximum as prescribed herein for members of units of the Organized Reserve Corps, other than fully organized type units: *And provided further*, That members of the Organized Reserve Corps classified in scientific or specialist categories, or members of the Organized Reserve Corps, whether or not assigned to a unit, who, under regulations prescribed by the Secretary of the Army, are designated for a mobilization day assignment, may be required to perform duties as prescribed by such regulations and receive credit for regular drill periods for pay purposes on the same minimum basis as prescribed herein for members of the Organized Reserve Corps in fully organized type units.

"Under such regulations as the Secretary of the Army may prescribe, personnel of the Organized Reserve Corps may receive compensation as provided in section 14 of the Pay Readjustment Act of 1942, as amended, for attending periods of instruction, or periods of appropriate duty, duly prescribed under the authority of the Secretary of the Army, including those performed on Sundays and holidays, or for the performance of such other equivalent training, instruction, or duty or appropriate duties, as may be prescribed by the Secretary of the Army.

"Members of the Organized Reserve Corps in receipt of pay for the performance of drills, or other equivalent training, instruction, or duty or appropriate duties, may be required to perform such active duty or training duty, not to exceed 15 days annually, as may be prescribed by the Secretary of the Army: *Provided*, That they may be given additional training or other duty, either with or without pay, as may be authorized, with their consent, by direction of the Secretary of the Army: *Provided further*, That when authorized training or other duty without pay is performed by members of the Organized Reserve Corps they may in the discretion of the Secretary of the Army be furnished with transportation to and from such duty, with subsistence en route,

and, during the performance of such duty, be furnished subsistence and quarters in kind or commutation thereof at a rate to be fixed from time to time by the head of the Department concerned."

SEC. 5. (a) That section 92 of the National Defense Act of 1916, as amended, be further amended by changing the period at the end of said section to a colon and adding the following: "Provided further, That members of the National Guard of the United States may be given additional training or other duty, either with or without pay, as may be authorized, with their consent, by direction of the Secretary of the Army: And provided further, That when authorized training or other duty without pay is performed by members of the National Guard of the United States they may in the discretion of the Secretary of the Army be furnished with transportation to and from such duty, with subsistence en route, and, during the performance of such duty, be furnished subsistence and quarters in kind or commutation thereof at a rate to be fixed from time to time by the Secretary of the Army."

(b) That the portion of section 109 of the National Defense Act, as amended, which precedes the final proviso of such section, be amended to read as follows:

"SEC. 109. Pay for National Guard officers: Under such regulations as the Secretary of the Army may prescribe, officers and warrant officers of the National Guard of the United States may receive compensation as provided in section 14 of the Pay Readjustment Act of 1942, as amended, for attending regular periods of instruction, or periods of appropriate duty, duly prescribed under the authority of the Secretary of the Army, including drills performed on Sundays and holidays, or for the performance of such other equivalent training, instruction, or duty or appropriate duties, as may be prescribed by the Secretary of the Army."

(c) That the portion of section 110 of the National Defense Act, as amended, which precedes the first proviso of such section, be amended to read as follows:

"SEC. 110. Pay for National Guard enlisted men: Under such regulations as the Secretary of the Army may prescribe, enlisted men of the National Guard of the United States may receive compensation as provided in section 14 of the Pay Readjustment Act of 1942, as amended, for attending regular periods of duty and instruction duly prescribed under the authority of the Secretary of the Army, including those performed on Sundays and holidays."

SEC. 6. The provisions of this act shall be applicable to the Department of the Air Force: *Provided*, That all references therein to the Secretary of the Army, the Department of the Army, the Regular Army, the National Guard and the National Guard of the United States, the Organized Reserve Corps, the Officers Reserve Corps, the Enlisted Reserve Corps, and the Organized Reserves, shall be construed for the purposes of this section as referring to the Secretary of the Air Force, the Department of the Air Force, the Regular Air Force, the Air National Guard, the Air Force Reserve, the officers section of the Air Force Reserve, the enlisted section of the Air Force Reserve, and personnel of the Organized Reserves transferred to the Department of the Air Force, respectively.

Mr. GURNEY. Mr. President, this is a bill passed by the Senate July 23, 1947. Recently, on March 9, the House passed the bill with certain technical amendments necessary because of unification of the armed forces. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PRINTING OF ADDITIONAL COPIES OF CERTAIN HEARINGS RELATIVE TO REVENUE REVISIONS

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 142, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies each of parts 4 and 5 of the hearings relative to revenue revisions, 1947-48, held before said committee during the first session of the Eightieth Congress.

Mr. JENNER. I ask unanimous consent for the immediate consideration of the concurrent resolution.

There being no objection, the concurrent resolution was considered and agreed to.

PRINTING OF ADDITIONAL COPIES OF HEARINGS RELATING TO REDUCTION OF INDIVIDUAL INCOME TAXES

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 143, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means be, and is hereby, authorized and empowered to have printed for its use 1,500 additional copies of the hearings relative to reduction of individual income taxes, held before said committee during the current session.

Mr. JENNER. I ask unanimous consent for the immediate consideration of the concurrent resolution.

There being no objection, the concurrent resolution was considered and agreed to.

PRINTING OF ADDITIONAL COPIES OF REPORT AND APPENDIX ON UNITED STATES INFORMATION SERVICE IN EUROPE

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 144, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Foreign Affairs of the House of Representatives be, and is hereby, authorized and empowered to have printed not to exceed five thousand additional copies each of the report and appendix of the special Mundt subcommittee of the Committee on Foreign Affairs covering an investigation during September and October 1947 of the United States Information Service in Europe and the conditions affecting it, pursuant to provisions of H. Res. 295.

Mr. JENNER. I ask unanimous consent for the immediate consideration of the concurrent resolution.

There being no objection, the concurrent resolution was considered and agreed to.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through

necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. WHERRY. The distinguished Senator from Indiana [Mr. CAPEHART] is ready to propose an amendment in the nature of a substitute. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Chair recognizes the Senator from Indiana. Does he yield for the purpose of having a quorum called?

Mr. CAPEHART. I yield for that purpose.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	O'Connor
Baldwin	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Barkley	Hickenlooper	Overton
Brewster	Hill	Pepper
Bricker	Hoey	Reed
Bridges	Holland	Revercomb
Brooks	Ives	Robertson, Va.
Buck	Jenner	Robertson, Wyo.
Butler	Johnson, Colo.	Russell
Byrd	Johnson, S. C.	Saltonstall
Cain	Kem	Smith
Capehart	Kilgore	Sparkman
Capper	Knowland	Stennis
Chavez	Langer	Stewart
Connally	Lodge	Taft
Cooper	Lucas	Taylor
Cordon	McCarran	Thomas, Okla.
Downey	McClellan	Thomas, Utah
Dworshak	McFarland	Thye
Eastland	McGrath	Tobey
Eaton	McKellar	Umstead
Ellender	Magnuson	Vandenberg
Ferguson	Maybank	Watkins
Flanders	Millikin	Wherry
George	Moore	Wiley
Green	Murray	Williams
Gurney	Myers	Wilson

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Oregon [Mr. MORSE] are necessarily absent.

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate.

Mr. LUCAS. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from Connecticut [Mr. McMAHON] is absent on public business.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

Mr. CAPEHART. Mr. President, I rise to discuss a substitute for Senate bill 2202, the European Recovery Act. The substitute has been printed and I am sure is on the desks of Senators.

In view of the importance of continuity in my remarks, I request that I be permitted to conclude my statement without interruption. However, upon the completion of my remarks I sincerely

hope for and will welcome a most thorough discussion of my proposal, as I am as vitally interested in the question of European recovery as is any other Member of this body.

Mr. President, I think this is a good time to stop, look, and listen and to draw upon our experiences during the 172 years since the founding of our Government. We must weigh every angle of the problem before us very carefully. We can well afford to temper our haste sufficiently to study the lessons which were taught by those past experiences.

The trail of American success is not without its thorny places. There have been mistakes in judgment. There have been failures of purpose. Those errors have been overcome by the will of the people of this great Nation to continue against all obstacles toward the goal set by our forefathers.

The great faith of our people in our republican form of government is the trust we bear in all our considerations and should guide us in all our deliberations. As we face the problem of a future international policy which may mold a new course for America for all time, our greatest obligation to our country is the maintenance of faith in our form of government. Whatever we do here in this hour of unprecedented judgment cannot possibly succeed if our people lose faith in our form of government.

Yes; time may be important, but right is also important. What have we gained if we merely hurry to make a mistake? Of what great value was our haste to enter that terrible First World War to save democracy? It is not my intention to say whether we were right or wrong. I merely raise the question as to whether our efforts attained the purpose for which they were intended.

We must at times have shaken the faith of at least some of our people in the past 30 years as one hasty stride after another was taken into the pitfalls of international schemes. The freedom, the enterprise, and the faith of America carried our Nation to world leadership, but we have not led. We have followed. So weak and cowardly has been our leadership since the first tragic fight for democracy that today we must be constantly on guard within our own borders against the very philosophy over which we thought we had triumphed in two world wars.

In his address before the Senate on March 1 in behalf of the European recovery program, the capable and esteemed senior Senator from Michigan [Mr. VANDENBERG] said that east-west tension can be released when there is mutual east-west fidelity to the principles and purposes of the United Nations.

Mr. President, I believe we must take a more realistic view of our problem than can be found in those words. The east-west tension which has now become recognizable as the obstacle to world peace is another and a worse chapter in the history of the clashing of two ideologies of government. We have been giving this clash and head-in-the-sand treatment ever since the United States became a world power after World War I.

Free government and government by dictation have clashed at every meeting. Two wars and two peace failures is the score between the two at the present time. Democracy did not win the peace after World War I, and it is not winning the peace after World War II. Why? Why, Mr. President? Because the leadership of liberty-loving peoples for the last 30 years has acted cowardly when the issue was at stake.

Yes; we went into World War I to save democracy, but we stood by while the hatreds of Europe concocted the Versailles Treaty—a treaty that was made to be broken. We refused to ratify that treaty, but we also refused to be the leader we should have been in preventing its adoption by our allies. The Kellogg-Briand Pact against aggression was another farce which we did not escape. Japan was a member of that pact, and the whole kit and kaboodle sat back and watched Japan rape Manchuria in violation of that agreement. Then we watched Italy trample over Ethiopia. The dictators have no respect for agreements. Ask Marshal Stalin. I am not arguing the merits of our participation in the Kellogg-Briand Pact, but I am asking whether it accomplished the purpose for which it was intended.

As the savior of democracy with life and money in World War I, what part did we have at Munich when the blueprint was made for World War II? What part did we play when Mr. Hitler's bulletless troops marched into the Ruhr Valley? The clashing of the two ideologies brought war closer, and emergencies faced us with machine-gun rapidity.

Our people had faith in their leadership as they watched enactment of the Neutrality Act, then cash and carry, and finally lend-lease. Every move was based on arguments that it would keep us out of war. Did they serve the purpose intended? No. Again, I point out that I am not discussing the merits of those acts, but am only asking the question. We were frantic in our efforts to keep out of war. We gave 50 destroyers to England with that result in mind. We stepped up our trade with Japan in order to appease her. I do not know whether we could have stayed out of the war by any effort. I do know that we did not stay out.

Once in the war we turned to the work of preparing for the peace for which all of us prayed. Our spirit was buoyed by the Atlantic Charter; and as the war moved nearer its end, we poured our greatest and most fervent hopes into Bretton Woods, the Export-Import Bank, and the United Nations.

Mr. President, our people solemnly and faithfully accepted every move of our leadership as a step toward a lasting peace. They had every right to feel that way because the most sincere effort of every framer of those documents had been expended in a history-making program for peace on earth. But those good intentions have not brought forth the purpose intended, because again we find those ideologies of Government clashing. Disappointment is springing up in the hearts of our people as they learn that another beacon of peace has been

dimmed by the clashing of free government and dictatorship, as represented at Tehran, Yalta, and Potsdam.

What we do in this, another hour of great crisis, Mr. President, must be made to work.

First, we must recognize that success can come of our efforts only if we apply the American principles which have made us the Nation to which the world is looking for leadership to a lasting peace. Our people have faith in American principles—a faith established through war and peace; through prosperity and depression. We would not be true to our obligations if we were to forsake our heritage in time of crisis. It is on this basis that I take exception to the so-called Marshall plan for European recovery, and in lieu of which I have offered a substitute proposal for aiding in world recovery and world peace.

Mr. President, we cannot go further on this world stage with another act that portrays a weakness in our system.

The parts we have played have lacked courage. We have been guilty too many times of shirking before the power of State socialism. I have mentioned a few, but there are more.

With courage on our part Poland would not be dying today as a state; Czechoslovakia would not have wilted under the heel of Sovietism; the riddling of Greece would stop; and the rifling of Manchuria and eastern Germany never would have happened.

Money alone cannot stop the ruthlessness of an unconscionable dictator. We have already learned that bayonets do not make people free.

Mr. President, if bayonets and money do not make people free, what does?

I will tell you what does. It is the will of the people to be free and the courage of their leaders to keep them free.

Two wars have been fought. Terrible wars that have been costly in lives and in property. Yet from those wars came the worst dictators in the history of the world. Let no one shake his head and say it is not true. It is true. Yet both of those wars were won largely through the contribution in lives, money, equipment, and spirit of free people under free government and practicing free enterprise.

The simple facts in those few words prove that we have failed in our mission for freedom and peace in each instance. We failed because we depended upon bayonets to make people free. Then we failed again because we thought we could buy freedom with money. Free Americans poured their hearts and their dollars out to the people of war-ravaged Poland during the war and after the war, but they are not free. Hundreds of millions of dollars, with the best wishes and hopes of free Americans, flowed into despondent Greece. But today Greece is fighting for her life against dictatorship. More millions and billions of the dollars of freedom were scattered like snowflakes over all Europe, but, Mr. President, I ask you: Where in Europe is there a free man today as the result of either our bayonets or our dollars?

America did not win freedom in the blood of the Revolutionary War. It kept the freedom it had. The freedom of America was born with the spirit of the Pilgrims when they boarded their ships of doubt and set out on a sea of mystery. That is how freedom is born. People must first have the will to be free, and that will to be free can come only from once having been free.

We cannot buy the freedom of western Europe with dollars, but we can inspire the will of those people to be free by the method in which those dollars are used. We did not peddle freedom through Europe when we peddled 20 billions of dollars worth of badly needed supplies to the hungry and cold after the war. That \$20,000,000,000 was doled out in food and other material, just as Marshal Stalin doles out what he wants his people to have.

Our own people had a taste of the same thing in our own country when our leadership attempted to solve problems with dollars. They did not like it. But our people had had freedom, and they returned to their free ways.

We cannot extinguish the fire of communism and state socialism by fighting it with the same kind of fire. If we cannot stop the spread of communism with the spirit of freedom our cause is lost. I think we can, but we shall never know until we try it. That is the reason I would favor a change in the method proposed by the senior Senator from Michigan for the recovery of Europe.

The nations of western Europe who are looking to us for help are doing so because they respect our ability to help. That ability, they must know, came through our American system. If we do not practice that same system in giving them aid, how can the people of those nations understand the difference which makes our help possible?

We are quick to recognize that Mr. Stalin promptly teaches the system of communism in the countries which he thinks have called upon the Soviet for help. Even the able senior Senator from Michigan recognized that fact when, in his stirring message to the Senate on March 1, he said:

Today Czechoslovakia joins only such enterprise as Moscow may direct.

I hasten to inject here that Stalin's reliance is on the force of military pressure, which we abhor. I contemplate the same result as that attained by Mr. Stalin, but through the friendly cooperation by those nations which we have been led to believe prefer democracy to autocracy.

It is my conviction that that great American, Secretary Marshall, had the American principles in mind when, during a talk in Boston, he made his now famous suggestion for European aid. He said at that time that there should be some agreement on the part of those nations as to the part they themselves will take in a recovery program initiated by us. He also said the program should be a joint one.

Mr. President, the amendment in the nature of a substitute offered by me contains the American principles which I am sure Mr. Marshall intended should be included. He has commented on this

bill in a letter to me in such a manner as to indicate his appreciation of those principles.

The substitute removes the governments of all nations participating in the recovery program as far from actual dominance of the program as can be accomplished under such critical conditions. Here is where the first principle of Americanism is applied. The possibility of dictatorial control of the program is reduced to a minimum at the very outset and is removed entirely from the remainder of the system of recovery.

To evolve the recovery plan proposed in the substitute measure, we turned to an American institution that has been tried and is successful, the Reconstruction Finance Corporation. When our own economy sagged dangerously many years back, we found the need for an addition to our free enterprise system. We did not resort to the socialistic method of direct State subsidy. The free-enterprise process was retained through the simple procedure of establishing a private corporation in which the Government could acquire stock.

This made the necessary financial assistance available to revive business on a business basis. We naturally admit the Government helped in so doing, but we also can argue that the Reconstruction Finance Corporation is a product of free enterprise, since it can sue and be sued and it can make a profit or sustain a loss. Its loans to business or political subdivisions are on the same formula as bank loans for the same purposes. It charges interest and forecloses on loans in the same manner as banks. The Reconstruction Finance Corporation proved to be the needed link in the chain of free enterprise.

In the amendment offered as a substitute for the bill we propose to increase the loaning power of the RFC to \$5,000,000,000 and to create an international division of the RFC. Under the powers proposed for the international division, stock may be purchased by the United States RFC in reconstruction finance corporations to be created in those nations which wish to participate in the plan for recovery.

It should also be pointed out that the substitute bill is so drafted as to permit the same system to be used in the economic-recovery assistance for any other country which may seek our help on these businesslike conditions. The international division of our RFC would be empowered with the authority to set up the provisions to be met by the foreign RFC's before participation would be approved by our RFC.

These provisions would include such requirements as determination of essential industries to be assisted, policies on loans and repayments, amount and types of collateral required, and procedures to be followed by the board of directors. Having met these provisions, the United States RFC's international division would then be empowered with authority to purchase the preferred stock of the qualified foreign RFC.

The participating nation would be required to purchase the common stock of its own RFC. The outstanding preferred and common stock would be in equal

shares, thus establishing a matched-dollar condition between the United States and the participating nation.

Preferred stock purchases by the international division of our RFC would be made with drafts against the United States Treasury and would be made in continuing purchases as long as the foreign RFC maintained a policy in compliance with the original agreement.

This provision of the substitute for Senate bill 2202 is a safeguard against the failure of the participating nation in full cooperation toward recovery. Stock purchases for additional loans will continue so long as the international division of our RFC shall feel the participating nation is doing its full part and so long as the participating nation shall purchase an equal share of the common stock.

Credits against dollar holdings in this country would be used by the participating nation for the purchase of common stock. This credit use of those foreign investments and holdings here would not disturb the actual investments as long as recovery through successful loans should be in process.

It should also be noted that such plan for dollar matching will help materially to smoke out some of the many millions of dollars now hoarded and hidden by the nationals of nations which are seeking recovery aid.

Inquiry has been made as to the attitude we might have toward government force by European nations to bring forth these hoarded funds.

Mr. President, we all recognize emergencies. We were asked some years ago to turn in our gold in exchange for currency. We all remember that. We did, and we remained a free nation.

Let us return to the explanation of this cooperative and free enterprise way of helping the world to recover. The foreign RFC would have a board of directors of seven members, four representing the participating nation and three representing the United States RFC. As once one might well ask if that division of representation might not place us at a disadvantage. We should feel that our representatives on the board would be only in the form of watchdogs and that the participating nation be given the chance to practice the free enterprise we hope to teach them.

Since the responsibility for continued cooperation on our part rests with the sound judgment of the four directors of the participating nation, we could expect considerable care on their part.

With the two RFC's now set to operate, we find an American institution and an American principle at work.

The proposed substitute then provides that short- and long-term loans can be made by the foreign RFC in exactly the same manner as has been done for years by our own RFC.

Since foreign industry might be considered in a condition where loan collateral might be difficult to determine, we leave the substitute bill flexible enough to permit the international RFC to determine the loan requirements.

I might point out, Mr. President, that many successful businesses and industries in this great Nation have been built

from what originally could have been considered extreme risks by the loaning organization. In America we recognize the ability and aggressiveness of a businessman as a collateral of far greater value in many cases than physical assets. With the world market demanding so many things which foreign industry can provide, I am reasonably certain that careful judgment by the foreign RFC boards will result in good loans.

During the drafting of the proposed substitute we were asked if the loans would be repaid in the currency of the participating nation. This should not be a problem. In fact, such a condition would tend to hasten stabilization of the currency in the participating nation since that nation's own American dollar credits will dwindle otherwise. Furthermore, vital materials needed for stock piling here could be purchased from the participating nation with its own currency.

But let us now return to the foreign RFC as it starts doing business as provided under the substitute measure. The foreign businessman, armed with a letter of American dollar credit, moves into the world market to purchase the materials or tools he needs to resume production. Here we have full-scale private enterprise at work. He will buy shrewdly in order to obtain the most and best for his money. This will stabilize the market.

It is at this point that the substitute differs greatly from Senate bill 2202 as reported by the senior Senator from Michigan.

In the bill which the Senate has before it as representing the Marshall plan a Government administrator in this country would make mass purchases with Government funds, which he then would turn over to European governments.

Under Senate bill 2202, the so-called Marshall plan bill, the European governments would dispose of those materials and goods in a typical socialistic method determined by those governments.

Whereas the Marshall plan bill is based on government-to-government procedure, the substitute is based on the private-enterprise-to-private-enterprise processes symbolic of the American system.

With production again rolling in Europe's factories the loans would be repaid to create a revolving fund from which more loans would be made.

Under the plan provided in the substitute, the RFC system of business loans would continue for 10 years, after which no more loans could be made until the preferred stock was retired. This provision would not prevent the European nation from continuing its own RFC after our stock had been retired. The system would give Europe a period of recovery assistance more than twice as long as that estimated in the Marshall plan and at a cost to the American taxpayer which, at worst, would be far less than the cost under the Marshall plan.

More important than the danger of some loss of money, more important than the advantage of a longer period of assistance, and more important than the actual tempo of recovery would be the fact that American principles would

be used and practiced in our aid to foreign nations for the first time.

But, Mr. President, on a strictly business basis—and I feel that the American taxpayer is entitled to have this matter judged at least to some extent on a strictly business basis—we would be approaching the problem with a view toward greatest dollar benefit and greatest dollar return possibility.

By increasing the RFC loaning authority to \$5,000,000,000 we make \$3,000,000,000 available to the international division of the RFC for investment in international recovery.

On a matched-dollar basis a fund of \$6,000,000,000 would be created, half of which, of course, is foreign credit against foreign investments in this Nation.

We believe the revolving fund potential of the foreign RFC's would make this amount sufficient not only for the 16 western European nations which have already indicated participation in cooperative assistance, but would also provide funds to assist other nations needing similar help, including western Germany.

This portion of the proposed substitute does not cover the phase of relief of the hungry and cold people of Europe. I shall discuss that portion of the substitute bill very soon. We attempt to deal with these two phases of the problem separately, as they should be treated. The RFC system is to be used only in connection with the long-range economic recovery phase of European and international assistance.

For further discussion of that phase, let us look for a minute into the problem of European finances. Practically every nation mentioned as a probable participant in the Marshall plan has dollar holdings in this country sufficient to meet the matched-dollar program under this bill. When the holdings of nationals of those nations are considered, every nation is equipped to meet the requirements, with the possible exception of Italy.

Are we asking too much when we ask that those nations have the same confidence in their recovery that they ask us to have? Are we asking too much when we ask that those nations take the same risks in their recovery that they ask the American taxpayer to take? Is such a financial burden any greater to those nations than the addition of seventeen to twenty billions of dollars to our national debt would be to our taxpayers?

Now, Mr. President, let us talk for a moment about the nations which might not have the dollar holdings which would permit participation in this plan. I am aware of but two at present, namely, Italy and China. I believe that in such instances where nations apply for help outside the RFC plan they should be dealt with under special acts. In this way the American taxpayer would have the chance to know the facts concerning cases of outright aid. Proper investigations would determine the worthiness of the nation for full-scale help.

Under the Marshall plan, where administrative judgment determines the distribution of the assistance, the ability of a nation to share the cost will be the business only of the administrator.

It is also our opinion that the RFC plan will be kept under better congressional control than will the Marshall plan.

Since it is in the extreme interest of those opposing the spread of communism and state socialism internationally that a union of nations be formed through the reduction of trade barriers, I should like to interpose here the opinion that nothing in the substitute bill would interfere or prevent such an action. In fact, it is the opinion of qualified persons who have studied the plan that it will promote such a union.

The RFC plan as proposed in the substitute bill will afford private-enterprise interests of one nation to do business directly with private enterprise in another nation participating in the plan, thereby making mutual assistance an important factor in the success of both nations.

Before proceeding into the relief phase of the European problem as covered by the substitute bill, I want to point out that no provision is contained in this bill or is contemplated in any companion measure for the chartering of ships to foreign flags. A thorough study of this matter indicated that great harm to American shipping could be wrought by such a scheme. We believe that the rehabilitation of shipping in participating nations should be brought about under the RFC loan plan. Loans would be available for the building or buying of ships.

Now let us review the provisions in the substitute measure for direct relief.

First, I want to point out that we have provided for relief to Marshall-plan countries, and to others as well. An outright grant of \$2,000,000,000 to feed the hungry, clothe the ill-clad and warm the cold is set up in this section of the bill. It is planned to take this amount from the surplus funds of fiscal year 1948 which would not be felt in future tax requirements against our people.

We believe that the direct-relief needs should be separated from the recovery funds—one amount should not be hidden behind the other.

As has been said so many times on this floor and elsewhere, the American people are generous to the extreme. They do not shirk from the duty of humanitarian obligations. Every report of the needs of people in stricken nations was carefully studied in arriving at the \$2,000,000,000 figure. This amount, we believe, will also be sufficient for direct relief which is already anticipated for China, Korea, and Greece, but it must be remembered that this fund should play no part in economic recovery.

The substitute bill, for relief purposes, follows very closely the distribution plan under the full bill of the senior Senator from Michigan. We felt that direct relief, with its items definitely set out in the bill, could more readily be handled in the government-directed fashion. This system is not un-American. In fact, it is very much American. Our poor relief in this Nation is handled largely in this fashion and is supplemented by civic organizations.

I believe it will be found, Mr. President, that by the separation of direct relief

from recovery we will have a definite check on the expenditures for this purpose. The council provided in the Marshall plan bill is retained in the substitute bill for relief purposes.

There is no provision in the substitute bill to control exports from this country since the power to control exports of vital materials is already vested in the proper offices.

We are often guilty of ignoring laws we have already passed. This is best exhibited in this European recovery problem by the failure of Congress to recognize the purposes for which it helped to create the Export-Import Bank and the International Monetary Fund.

At this point I want to explain that the third phase of the European recovery problem, the stabilization of currency, is left out of the substitute bill since the Monetary Fund is already set up for that purpose and should be made to function. Of course, as explained earlier, the use of foreign investments as collateral for European economic recovery will go a long way toward solution of the stabilization problem.

Mr. President, I believe this approach toward world economic recovery and a lasting peace is a more secure method, and, in addition to its American principles, will be more within our own economic ability to meet the test.

Sponsors of the Marshall plan as proposed in Senate bill 2202 have stressed the point that Europe's needs could be met without a damaging strain on our economy since only 5 percent of our annual production would be needed. The point has not been stressed, though, that the 5 percent would come from that production of which we already are in short supply.

We must also take into consideration that to meet the full financial impact of recovery in those nations which have indicated participation, we are asking the American taxpayer to carry an unprecedented burden while foreign investments in our country are left untouched. It is pretty much like asking a man to mortgage his home so that he can loan the money to bet on a horse race.

Above all this, Mr. President, is the existing feeling that we must be prepared for certain eventualities in the event this plan for a lasting peace is not successful. In other words, we are possessed with the feeling that while we smoke the peace pipe we had better be loading our guns. This is another little matter the American taxpayer has in his thoughts today.

By coincidence, the day the senior Senator from Michigan addressed the Senate on the Marshall plan form of European aid, the Congressional Air Policy Board issued its report revealing a contended need for vast arms expenditures in the next few years.

I dislike the thought that the air-policy report and the Marshall plan or any other form of European aid have anything at all in common, but if we are to be honest with our consciences we must admit that they have very much in common. Our hopes for a free and peaceful world may rest in one or the other, or both. Since we admit the risk

in one we must necessarily hope for the assurance in the other. If we must back up our moves for peace with a show of strength, then let us make those moves on the basis of the Americanism in which we so strongly believe.

I, for one, am tired of fighting wars for the purpose of saving foreign philosophies. I am tired, too, of draining the resources of our system of government to support foreign forms of isms in which we have no interest.

This cannot be termed isolationism. I am and have been ready to meet our international obligations as a world leader, but I believe it is high time that we put those obligations on an American footing.

Only a few short years ago cries came from every quarter that if we did not enter the war a man named Hitler would conquer Europe, England, Asia, and north Africa and then he would conquer us. Do not shake your heads and say it is not true. Senators know it to be true.

Now the cries are coming again. This time they are saying that if we do not do something about it a man named Stalin will conquer Europe, England, Asia, and north Africa and then conquer us.

I am for stopping this bully, too, but I would like to see it done by hitting him right square in the teeth with a good solid punch of Americanism that would scatter a bit of freedom around this war-tattered globe. Let us hit him with American means, hit him with the private-enterprise system. Let us hit him with our type and kind of government. Let us not imitate state socialism and communism in fighting Mr. Stalin.

In his speech on March 1, the able senior Senator from Michigan said he believed dynamic America is ready to carry on. He is right. Dynamic America is always ready to carry on, but Mr. President, I believe that America will really be dynamic when it is supporting American principles.

Mr. President, in closing I wish to simply sum up as briefly as I can what the substitute bill would do.

The substitute bill would in no way delay the early need for relief in Europe, since the relief phase of the bill follows the provisions in S. 2202. No Senator can rise on the floor and truthfully say it would interfere one iota with the relief provided for in the pending measure, because the proposed substitute retains that section of the original bill which permits the Administrator appointed under the bill to proceed in a flexible way and to proceed with speed.

The substitute bill differs from S. 2202 in that it separates relief from recovery and fixes a definite amount of \$2,000,000,000 for relief and limits the Administrator to the determination and supervision of the relief phase only.

The substitute bill extends its relief to China, Korea, and Greece, or any other needy nation in addition to the European nations included in the Marshall plan.

The substitute bill differs from S. 2202 in the long-range recovery program for rehabilitation of agriculture and industry.

That is the difference between the two bills. In the substitute bill we retain the grants and gifts. We only change the bill in respect to long-range recovery.

The substitute bill includes all nations which wish to participate in the cooperative plan for that program and does not limit the plan to only those nations named in the Marshall plan.

It uses the Reconstruction Finance Corporation—a proven agency—as the agency through which we deal with the foreign recovery.

It provides for setting up European RFC's by the participating nations.

It provides for the matching of funds through the purchase of equivalent shares of stock in the foreign RFC's by the United States RFC and the foreign nation or its nationals.

It asks participating nations to use dollar credits against their dollar holdings to share in the cost of the recovery program.

It reduces the need for funds by creating a revolving fund for recovery loans.

The substitute bill requires a total of \$5,000,000,000 for relief and recovery; three billion for recovery, which would be an authorized loan to the RFC and not an appropriation, and two billion for relief, which would be taken from surplus funds and not direct taxation. Therefore, Mr. President, the immediate cost to the taxpayers under my plan would be \$2,000,000,000, not \$4,000,000,000, not \$5,000,000,000, because it would amend the Reconstruction Finance Corporation Act to permit the Corporation to borrow from the Federal Treasury up to \$3,000,000,000.

The substitute bill would require far less money and provide a recovery plan for 10 years instead of 5, as provided in the Marshall plan calling for \$17,000,000,000 over 4 or 5 years.

The substitute bill would in no way impinge upon the constitutional rights of the President and the Secretary of State.

The substitute bill would apply American principles to European long-range recovery.

Mr. President, I shall not ask unanimous consent that the Senate vote on the substitute measure at this time, but I shall offer it in due course. I am most hopeful that Senators will discuss the plan covered by it. I appreciate that the able Senator from Michigan [Mr. VANDENBERG], the chairman of the Foreign Relations Committee, has labored long over the Marshall plan bill. I have no particular criticism of that bill, except that I want to place the long-range recovery plan, if possible, on a private industry basis. I want to take it out of the hands, so far as possible, of our own Government and of the governments of the 16 nations participating. I believe the plan I have submitted to be a sound one. It will in no way interfere with quick action on the part of the Administrator, as called for in the committee bill plan to proceed immediately to help 16 nations.

I am hopeful Senators will earnestly study my proposal. I regret I did not conceive and write the substitute bill some 2 or 3 months ago. I am sorry the committee was unable to consider it. I

was unable to appear before the Senate Foreign Relations Committee with the plan, because it was not prepared in time. I simply did not have the bill prepared at that time. I did not conceive of the idea in time to submit it to the committee. I hope the Senate, however, will debate my substitute and consider it carefully, because I believe it to be an American pattern that might well be used not only at this time but in years to come to help foreign countries.

Mr. VANDENBERG. Mr. President, first I want to present my very warm personal compliments to my distinguished friend the Senator from Indiana, and to tell him that I have the very greatest respect for the thoroughly constructive work which he has obviously done with great pains and at great length upon this measure. His substitute represents a completely different approach to the question of European recovery through international cooperation and self-help. It is a very interesting approach. It is an approach which undoubtedly has a great deal to commend it, and I want to say again, before I make any further comment, that I think the Senator from Indiana is entitled to great credit for the constructive effort he has made in presenting his substitute and in approaching the entire subject from a thoroughly constructive standpoint.

Mr. President, the fact remains that my able friend from Indiana has brought us a totally new concept. While he has complimented the committee bill by borrowing much of its text, the fact remains that he is asking the Senate to agree to tear up the fundamental approach which has been built up through 8 months of the most intimate and careful study that a public problem can be given. He is asking us to abandon the recommendations of the only group in western Europe which offers us any hope of coordination and stability. He is asking us to abandon the recommendations of the executive departments, which are documented by the most complete studies I have ever seen in connection with a public question. He is asking us to abandon the viewpoint of the Harriman commission, which in my opinion is the most representative group of highly competent and seasoned Americans who ever gathered together to give their devoted attention to a great public question.

He is asking us to abandon the work of the Senate Foreign Relations Committee over a period of 4 long weeks of hearings and 2 weeks of committee consideration. He is asking us to abandon the basis of the entire Senate debate up to date.

He has a right to do that, because in doing it he has brought forward his own substitute and laid it on the table. That is a thoroughly constructive approach with which I cannot quarrel. But I am saying to the Senate and to my able friend from Indiana that I do not see how I can debate his substitute with him because, no matter what its values, I do not understand how it is a possibility for the Senate to abandon all the bases upon which we have been proceeding since last July in the development of a program which is intended to meet a situation which clearly comes to

crisis within the next 2 or 3 or 4 weeks, and which, if it is to be met at all, must be met promptly.

I do not see how it is a physical possibility for the Senate to give my able friend's substitute the attention which I freely concede it richly deserves. He has explained that he found it impossible to present his substitute even to the Senate Foreign Relations Committee for its consideration. I am sorry that he was unable to do so. I can well understand how the pressure of other matters prevented it. Not even the committee has had an opportunity to survey the tremendously intricate problem which is involved in the substitute which he presents.

Even in the consideration of the committee bill, Mr. President, which I repeat has 8 months of study behind it and an 8-month public record of the widest possible discussion, in spite of that fact, we have found during the past 10 days that words and phrases have been subjected to microscopic examination because of the anxiety of the Senate to be perfectly sure that there is nothing involved which is not obvious on the face of the language; to be perfectly sure that the commitments we are taking mean what they say, and that they are adequate. We have faced the experience of long debate over the import of sentences and paragraphs. It is perfectly obvious, it seems to me, as a sheer, unavoidable physical fact, that it is out of the question for us to give that sort of attention to the substitute submitted by the able Senator from Indiana.

Therefore, much as I regret it—and again saying to him that he has my profoundest respect for the work he has done upon the substitute and for the spirit in which he has approached the entire enterprise—I am bound to say to him that I do not see how it is possible for the Senate to accept such a substitute at the eleventh hour of a debate which cannot wait much longer for the hour of 12 to strike.

Therefore, I say to my friend from Indiana that, inasmuch as it is the general expectation that this debate will be concluded and the bill will be voted up or down by Saturday night of this week, I respectfully suggest to him that we might as well submit his substitute to a vote of the Senate now, in the immediate presence of the very able presentation which the Senator has made. I hope that that course will meet with the approval of the Senator from Indiana.

Mr. CAPEHART. Mr. President, I shall not do so, of course, but I might well say that inasmuch as the House Committee on Foreign Affairs has not yet reported a bill, and inasmuch as such action might well take many days, and possibly several weeks, a motion might be in order by me—which I shall not make—to recommit the entire bill to the committee, in order that it might take some time to study the proposal in which I am so sincerely interested. Possibly the committee would have sufficient time to study it and return it to the floor of the Senate for a vote as quickly as the House will pass the so-called Marshall bill.

Mr. President, I cannot agree with the able Senator from Michigan that there is sufficient difference between his bill and mine to warrant the statement that my substitute could not be considered by this body. We have retained in the substitute the over-all Administrator. In fact, we have retained 100 percent of his bill so far as it has to do with relief, meaning the moneys and the materials which we are to give away. If we should strike out the RFC sections of my substitute bill and pass it, we would have practically the committee bill.

The only difference between the two bills is that in the bill of the committee the Administrator—one man—handles both relief and the long-range recovery program. Under my bill the Administrator handles all the relief, just as he does in the committee bill; and he likewise cooperates and works with the RFC in handling the long-range plan. Under my bill we say to the Administrator, "Here is \$2,000,000,000"—perhaps it should be more or less. I shall not argue that point at the moment. I am talking about a principle. We say, "Here is \$2,000,000,000. Proceed and put the plan into effect. Proceed to do what you can immediately in Italy, prior to the elections on April 18. Take this money and stop communism and socialism, and do the things we want you to do, which are called for in the bill. But we are going to follow behind you, Mr. Administrator, with a good old American institution, the RFC, which we used in our Nation back in 1932 and 1933 when our Nation, too, had economic problems and troubles. We are going to follow behind you. We are going to try to build, through the RFC, a stable industry in these 16 nations. We shall try to do it in the American private-enterprise way. We are not going to try to help you bring about European recovery over a long period of time by means of anything but our American system."

That seems to me to be good, common horse sense. I do not believe we should say to one man, "You are to handle relief, and also the business arrangements." Relief is an entirely different problem, as compared with business. A man who is equipped to do a good job with relief may not be equipped to do a good job in business. I think the two should be separated. I cannot quite agree with the able Senator from Michigan. I see his viewpoint, and I am genuinely sorry I was unable to present this plan to the committee.

However, Mr. President, I still do not believe it is too late to consider this proposal, because when we enter upon this program it will continue for many years. History does not happen in 1 day or in 1 week or 1 year; history goes on for generations and generations. We are establishing a foreign policy here. We are mixing up relief and business in that connection. I do not believe they should be mixed up. I do not believe we should proceed in that way.

It may be that some changes should be made in the plan I have proposed; in fact, I am certain some should be. I am not sure that I have arrived at the correct amounts, in proposing \$2,000,000,000 for relief purposes and giving the

RFC the right to borrow up to \$3,000,000,000. I am not certain about that. I am sure that the President and the Secretary of State and others who are better informed on these matters than I am should have the right to pass on those questions.

I am pleading for thorough consideration of this proposal. I am pleading that we follow through at least in part in respect to our aid bill, and try to educate the people of the 16 foreign nations as to the kind of system we have in the United States and how we do things. I do not see how we shall ever solve the problems of Europe until the people of Europe adopt our system.

I believe that the able Senator from Michigan will agree with me in regard to the statement I now make about his bill: Under it we shall set up an administrator, and we shall authorize the administrator to purchase in our country billions of dollars' worth of materials, which our Government will own, and then ship those billions of dollars' worth of materials to the 16 nations. They, in turn, will take title to them, and will distribute them; but not in what we know as the American way. To the contrary, they will be distributed by the governments. I dislike very much to inject this particular phase of the matter into the discussion, but I am sure the able Senator from Michigan will not object. He might well be correct in his contention that the bill which Mr. Marshall proposes and which he endorses is better than the one I propose. But I ask this question: If we place this money and this material in the hands of those 16 nations, and permit them to do as they see fit with it, the final word as to the handling of that money and material will rest with the top-level government officials in those countries, although, of course, we understand that our administrator and our representatives over there will help them earmark the projects, and will say, for instance, "You cannot use it for this project, but you can use it for that one." I say that even though the goods and the money come from the United States, if they are used in that way, they will have as their end result a psychological effect upon the Frenchmen and Italians that will be almost the same as if the goods and money came from Communist Russia, because the principle of distributing and handling them will be about the same. They will be handled on the basis of government to government. Perhaps there is no other way in which to do it, Mr. President. I do not know. But I dislike to see the United States, the greatest nation in the world, with a form of government that has given our people more of everything than any other form of government known has been able to provide for its people, a government that has placed us in a position at this particular time to have dollars and materials with which to help other nations—I dislike very much to see us proceed except on some basis that will teach and show the people of Europe that they, too, might enjoy the same sort of government and the same sort of economy and the same high standard of living in the same way that we enjoy them.

So I should like to have this proposal made a part of the bill. I feel so deeply on this subject that I think I would be willing to say to the able Senator from Michigan, "Let us set up a little RFC, if you please. Let us make it a part of the bill, but not a part that the Europeans would have to accept. Let us so frame the bill as to say to them, in effect, 'You foreign nations do not have to accept this part of the proposal if you do not wish to. We are going on with the bill as written; but we have added this extra section, and if any of you would like to have us move in on a share-and-share-alike basis, using our RFC, a private corporation, we shall be happy to have you do so.'"

Mr. President, let us give them the opportunity, if we can.

Mr. BALDWIN. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). Does the Senator from Indiana yield to the Senator from Connecticut?

Mr. CAPEHART. I am happy to yield to the Senator.

Mr. BALDWIN. Mr. President, I wish to say that I, a junior Senator, feel very proud to be in the Senate with a man of such great ability and such distinguished capacity and broad experience as the distinguished Senator from Indiana. As a Member of the Senate, I wish to thank him for the splendid contribution he has made to the thinking on this vitally important subject.

I should like to ask him whether there would be anything inconsistent if we were to pass the pending bill, as reported by the committee, and then have the Senator's bill referred to the Foreign Relations Committee for consideration.

My thought is that under the bill which has been reported by the committee, we shall have a congressional committee to watch the operation of the proposed procedure and to gage the effects of the operation of the committee bill. However, if the bill which has been reported by the committee is not a success, it may very well be that in the future we shall wish to make some changes, some different arrangements of some kind.

So it seems to me that it would not be inconsistent with passing the pending bill to have the Senator's bill referred to the committee for further study and, possibly in the future, adopt it in part, along with the present program. Would that be possible?

Mr. CAPEHART. Mr. President, certainly it would be possible; and if the Senate is unable to adopt my proposal at the moment, I hope that what the Senator from Connecticut has suggested will happen. If it is impossible to adopt my plan at this late hour—and I am well aware that the hour is late—I certainly hope that it will be considered at some future time.

Mr. VANDENBERG. Mr. President, may I comment on the suggestion made by the Senator from Connecticut?

Mr. CAPEHART. Certainly.

Mr. VANDENBERG. There is a great deal in what the Senator from Connecticut suggests, and it is in line with a

further comment which I was going to offer to my good friend the Senator from Indiana.

It is the theory of the Senator from Michigan in presenting this bill that we are dealing almost exclusively with speculations, at the present time. We do not know what are the realities we are going to confront in an effort to arrive at a successful objective in line with our hopes.

It is for that reason that the senior Senator from Michigan insisted upon cutting the time of the initial appropriation back to 12 months, so that the whole subject matter could be forced to a realistic survey at the earliest possible moment, namely, January of next year. Immediately when the new Congress meets it will confront the necessity of canvassing the entire subject on a basis at that time of experience and reality. We shall be freed of many of what at best are only the educated guesses that we could make today. We shall know by that time how the Administrator is satisfying our hopes. We shall by that time have the benefit of the Administrator's experience and what should be his high-priority recommendations. We shall know by that time what the crops in Europe will have been this year, and that in turn could be a factor of tremendous importance. We shall know to what extent the 16 western European countries are progressing in the direction of coordination and at least partial unification. We shall know by that time to what extent we have been able to consolidate at least three of the zones in western Germany, which, in the final analysis, is at the very core of the whole problem.

In other words, in the thinking of the Senator from Michigan, what we are doing at the moment is to launch hopefully, on the basis of the most thorough study that was ever given to any public problem in my time, the preliminary effort to achieve an objective to which we are all devoted. We are launching it on the expectation that it will confront its real audit for the first time next January, when the second year's appropriation must be made and when a study of the realities will be possible.

Mr. President, in line with the suggestion of the able Senator from Connecticut, if the Senator's substitute were referred to the Senate Foreign Relations Committee, I could assure him that whenever we could reach it, which will be after we have gotten through with the immediately pressing proposals that are pending, we could give it not only our own study, but we could get the reactions upon it that are so necessary from the related departments of government, which have the technical skills and the technical information necessary to deal with the technical phases involved.

I should think that when the real audit comes, which I repeat, in the prospectus of the Senator from Michigan, is only 9 months off, we should have the benefit of a thorough study of the Senator's very constructive idea. I think, if I may say so, Mr. President, that the Senator would be much happier if he could be assured of that sort of study, rather than, on a

basis which I know, in the candor that always marks his attitude, he would concede is scarcely fair to have the immediate judgment of the Senate on a matter of this utterly technical ramification, in many of its aspects, by voting "yes" or "no" upon a proposal which, I repeat, I know he will freely concede we cannot possibly explore adequately within the relatively brief moments at our disposal.

Mr. CAPEHART. Mr. President, is it the able Senator's thought that possibly during the next 9 months most of the Administrator's efforts will be on relief, and not on long-range recovery plans?

Mr. VANDENBERG. It is the Senator's view that relief will inevitably dominate the program most of the way during the 9 months; that the development of recovery programs at the most can only become in many instances tentative during the 9 months, because the Administrator must first set up his entire instrumentality of action. Bilateral contracts must be written, multilateral contracts must be written, missions must be created. I do not see how it is physically possible to go very far with the recovery program in a substantial way until we are pretty well approaching the second year.

Mr. CAPEHART. Mr. President, the danger that I see is this: I have always felt that a thing which was wrong in principle would not succeed. I have no quarrel with the gift phase of the so-called Marshall plan. My quarrel is with the long-range recovery aspect of it, a thing that goes on and on for years. What I am fearful of is that during the 9-month period we shall enter into bilateral and multilateral agreements; that we shall start; and that, at no stage of the negotiations of those agreements—the Senator might well argue to the contrary; he and I have discussed it—are we injecting what I call the American principle.

What I should like to do and what I believe the plan would do, is this: The RFC in 16 nations would be doing business with tens of thousands of small-business men. It would be encouraging little business and big business; it would be encouraging the people in those 16 nations, recipients of our aid, by a touch of the private-enterprise system which has been so successful in this Nation.

For example, I look back on the British loan. We loaned Britain \$3,750,000,000. It is all gone. I shall not take the time to argue how they spent it, but it is gone. They are back for another loan. I ask this question: Had we had the foresight at that time to say, "Yes, we will put up \$3,750,000,000 in a British RFC; you put up \$3,750,000,000, making a total of \$7,000,000,000; we will operate the British RFC on the same basis as that on which our own RFC is operated," I say to you, Mr. President, that the problem would be different in England today. If they had taken the money and used it as the RFC in America has used the money it has had in the past 16 years, the problem in England would be different today.

What happened? We gave them \$3,750,000,000. We gave it to the government, the socialistic labor government, Mr. President, if you please. They went forth and spent it, and it is all gone.

They have very little if anything to show for it. In England today they are further away from the private enterprise system than they were prior to the time we loaned them the money. They are going deeper into so-called state socialism instead of getting away from it. That is the fear I have.

I appreciate the difficulty of passing upon a new proposal on the floor of the Senate, but I believe that we are making a mistake. I intend no criticism of the able Senator from Michigan, because he, as chairman of the Foreign Relations Committee, must deal with situations as they exist, not as he would like them to exist. That is the problem of the Congress at the moment. We are called upon to deal with situations as they exist, not as we should like to have them exist, situations that might be entirely different if good common horse sense had been used over the past 30 years.

Mr. BALDWIN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. BALDWIN. Mr. President, it seems to me that what the Senator has just said, that we are dealing with situations as they exist, is completely true. One of the situations which will exist, and one which it seems to me the committee bill very adequately meets, and which it seems to me the Senator's proposal does not meet, is the fact that in the reconstruction part of the program we are going to have to deal in Europe not only with individual businessmen and individual enterprises and industries, privately owned, in part, but we are also going to have to deal with enterprises that are publicly owned, owned by the government, railroads, for example, and public utilities, such as the coal mines. We shall have to meet that situation.

Mr. CAPEHART. That problem is taken care of under the substitute bill. It is provided that money may be loaned to existing government-owned utilities and institutions, but not for buying additional governmental facilities or building new governmental facilities. The very matter of which the Senator speaks is taken care of under the RFC phase of the substitute bill.

Mr. BALDWIN. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. BALDWIN. On that particular phase of the subject we may encounter the question of the legality of an agency of our Government, outside of the State Department, one which is in effect, an agency of the Congress, dealing with a foreign government as such.

Mr. CAPEHART. Mr. President, I should like to answer that point. The RFC would own half of the stock of the French RFC; the French Government would own the other half of the stock. It becomes a private corporation. It can sue and be sued; it can make a profit or lose money, just as can a private corporation. The Government has absolutely no responsibility for it. The Government purchased the stock, but it has no responsibility for it.

Let me refer to the railroad problem. The French Government owns the railroads. Let us assume that the French-

owned railroad system, which is a subdivision of the French Government, possibly needs \$100,000,000 for the purchase of new equipment. I do not know as to the exact amount. They would go to the French RFC, of which the United States would own half the stock and the French Government would own the other half of the stock, and borrow \$100,000,000. They would put up collateral and agree to repay the loan. They would borrow the money just as the Baltimore & Ohio Railroad borrowed approximately \$80,000,000 from our own RFC approximately 2 years ago. All except direct relief could be handled by the RFC.

Mr. BALDWIN. Does not the Senator's proposal accomplish by indirection what it seems to me could not be done directly? If the French Government or the British Government could establish a corporation in collaboration with this country, at least half of the corporation would be thoroughly beyond the control and jurisdiction of the United States, and we would have a sort of a two-headed proposition which might lead into great difficulty.

Mr. CAPEHART. Under the private enterprise system we cannot get away from stock interests which have equity rights, the right to vote, and so forth.

Mr. BALDWIN. I may say to the Senator that it is that feature of his program which appeals especially to me, but I am in the position of believing that we are faced with a situation which must be resolved within a very short time by a vote on the bill reported by the committee. I believe the Senator's program has great merit, and I should like to have the opportunity of considering it further.

Mr. CAPEHART. I appreciate that.

Mr. BALDWIN. At the same time I believe the opportunity of considering the Senator's measure further is far outweighed by the immediacy of the situation which necessitates dealing with the subject as best we can at the earliest possible moment.

Mr. CAPEHART. I might agree with that statement if it were not for the fact that under the substitute bill, so far as relief is concerned, involving \$2,000,000,000 or \$3,000,000,000, the Administrator would proceed, in my opinion, to do the things he has to do within the next 9 months, anyway, because, under the committee bill, he is permitted to make loans, and would use the instrumentality of the Import-Export Bank simply to service the loans. That institution services loans just as a bank makes collections.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to my colleague.

Mr. JENNER. Will the senior Senator from Indiana tell me, if he knows, what private industry did in the rehabilitating of Europe after World War I? Does he know how the work was handled at that time? I assume there was a war agency, and I assume that European peoples had to have help. We loaned them billions of dollars. Can the Senator answer that question?

Mr. CAPEHART. I do not know that I am qualified to answer it. They handled it themselves, I presume. They

seemed to enjoy quite a long period of prosperity after World War I. That was true of Germany and of other nations.

Mr. JENNER. As I understand, in the substitute bill the relief features go right along with the Marshall plan bill which is now before the Senate. Is that correct?

Mr. CAPEHART. Yes; 100 percent.

Mr. JENNER. I believe it has been admitted on the floor by the senior Senator from Michigan that so far as the economic aspect, the business-recovery aspect, of the problem is concerned, we shall be well along toward the second year of the Marshall plan before that phase of the pending bill will take effect. Is that the Senator's understanding?

Mr. CAPEHART. I think the very nature of the problem involved and the time required to pass upon loans and to transact normal business would indicate that it will require 8 or 9 months.

Mr. JENNER. That being true, I do not see what harm could come from considering that phase of the plan at this time.

Mr. CAPEHART. Of course I do not.

Mr. JENNER. It will require several months under the Marshall plan to go into the business-recovery angle. As I understand the statement of the senior Senator from Indiana, under the plan proposed by him there would actually be a saving to the American taxpayers of approximately \$3,300,000,000.

Mr. CAPEHART. If the loans were all good, all eventually repaid, and our Treasury should loan the RFC \$3,000,000,000—it would not be in the form of an appropriation, but merely a loan—and the \$3,000,000,000 were repaid, it would not cost the American taxpayers a penny. The fact is that they might make money on dividends and interest.

Mr. JENNER. Mr. President, will the Senator yield for one other question?

The PRESIDING OFFICER (Mr. IVES in the chair). Does the senior Senator from Indiana yield further to his colleague?

Mr. CAPEHART. I shall be happy to yield.

Mr. JENNER. Possibly I missed in the debate on the floor the great importance attached to having this great piece of legislation completed and finally passed by March 15, or by next Saturday night, to accomplish which we shall have to hold night sessions. Can the Senator explain to me the urgency of the legislation at this time, when the House has not even considered it? It has not been brought to the floor of the House. It will have to be debated in the House. Why should we be put under pressure, "under the gun," with the hour of 12 ready to strike?

Mr. CAPEHART. I am prepared to answer that question. I recognize that the time always arrives when a man must come to a decision. I appreciate the fact that we cannot debate legislation forever. But I should like to caution the Senate on this one matter. I believe I can say, without fear of successful contradiction—and I should be willing to debate the subject on any platform in the United States—that every international scheme into which this Nation has

entered during the past 30 years has failed to meet the purpose for which it was intended or has failed to accomplish the objectives which the American people were told it would accomplish.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. CAPEHART. In just a moment. If that be a true statement, then it is time that we adopt a different approach to these problems. Possibly we should approach this problem from a different angle. Possibly we should take a little more time.

I am not saying that the substitute bill I have offered as an amendment is the answer to all the evils of the world or that it is a cure-all. I do not think it is. I think some of the situations in the world today, which have been brought about through no fault of the Senate or any Senator, are almost beyond curing.

The record of our leadership—and I am not thinking of any Senator of the United States, because Senators have not been in the position to dictate the high policies—has been nothing but failure. We have rushed into actions one after the other. We were called back into session last fall for interim aid to the extent of \$700,000,000, and we gave it. We rushed into these things, and I do not know whether it is because we rushed into them that we adopted schemes and policies which have been failures. All I know is that they have failed.

Mr. LODGE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I am very happy to yield to the Senator from Massachusetts.

Mr. LODGE. Agreeing with the Senator that there has been a great deal of incompetence in the conduct of our foreign relations, and agreeing that there was a tragic lack of vision at the end of hostilities in World War II, I still think that accuracy should make us recognize that the pending bill has been prepared with a tremendous amount of care. It has been gone into from widely different angles, using the viewpoints of men in every walk of life.

In my judgment, the bill as it stands makes possible the procedures which the Senator from Indiana reaches in his substitute bill. In other words, if the Administrator finds that there is a condition in which it would be practical to set up the type of machinery the Senator from Indiana outlines, he could most certainly do it under the bill as it now stands. But we do not need to restrict him entirely to the method which the Senator from Indiana advocates.

Mr. CAPEHART. Will the Senator permit an interruption at that point?

Mr. LODGE. I desire to make just one more point. So far as haste is concerned, it is not a case of anyone in the Senate trying to crowd anyone else in the Senate. We are being crowded all over the world by the conspiratorial activities which are coming out of Moscow, which none of us control. There is going to be an election in Italy on the 18th of April. The outcome of that election is of interest to us, and competent observers say that the action which we take on the measure before us will have an effect. So it is not that anyone in the Senate is

trying to push anyone else in the Senate around. It is that the force of events being stimulated by another great nation is creating conditions in which prompt action is desired.

Mr. JENNER. Mr. President, will my colleague yield in order that I may ask the Senator from Massachusetts a question?

Mr. CAPEHART. I am happy to yield to my colleague.

Mr. JENNER. From the statement of the Senator from Massachusetts I take it that it is the plan of those handling the pending legislation to see that it passes the Senate and House and becomes a law before the Italian election on April 18.

Mr. LODGE. I can speak only for myself; I am only one Senator. I certainly hope it will become law long before the Italian election.

Mr. JENNER. That being true, I wonder if this might not turn into a blackmail racket, that we are always going to be confronted with some emergency some place on the earth—in China, perhaps South America, or at some other spot on the earth—and told that unless we do something, and do it quickly, we are going communistic. Does not the Senator think there is a great danger that we may be blackmailed all over the world if we are to take American dollars and buy off people, buy them off from becoming communistic?

Mr. LODGE. I do not think there is much chance of this country becoming communistic, but I think the bad conditions which exist in the world compel us to make some kind of a decision. If we say we are going to do nothing, that is a decision. Anything we do is a decision. But one thing we certainly cannot do is to say that foreign nations are merely a nuisance, that they are like a mosquito which comes in under the mosquito net, and we slap at it, but it keeps buzzing back, and is waking us up all the time. We have to face conditions in the world as they are, and I do not like them any more than does the Senator from Indiana. My hope is that we will be able to take steps which will gradually bring about a healthier condition.

Mr. JENNER. Mr. President, will my colleague yield?

Mr. CAPEHART. In a moment. I wish to ask the able Senator from Massachusetts a question. The Senator made the statement a moment ago that the Administrator could do everything under the committee bill we are suggesting in the substitute bill. Does the able Senator from Massachusetts mean that the Administrator, if he desired to do so, could direct our own Reconstruction Finance Corporation to buy half the stock in a Reconstruction Finance Corporation in any one or all of the 16 nations? I hope the Senator's answer will be in the affirmative, but I fear not.

Mr. LODGE. I cannot put my finger on the pertinent section of the bill, but it is my opinion that the Administrator, under the bill, is expected to receive the assistance of all the different departments of the Government.

Mr. CAPEHART. If the Senator is correct in what he has just stated, then what is wrong with a simple amendment

to the bill in which we suggest to the Administrator that he immediately explore the possibility of handling all the long-range recovery program through such a plan as we advocate in our substitute?

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. CAPEHART. I promised to yield to the junior Senator from Indiana.

Mr. LODGE. If the Senator will permit, I do not think such language is necessary.

Mr. JENNER. Returning to the colloquy between the junior Senator from Massachusetts and myself in regard to action in the present, he said hitting mosquitoes here and there was not working, that we had to do something quickly, that some decision must be made. It was my impression that early in this Congress, last year, Congress took action to stop the spread of the very menace of which we are supposedly attempting to bribe Italy not to become a victim on April 18, that is, communism.

Mr. LODGE. We are not going to bribe Italy. There is nothing like that.

Mr. JENNER. A year ago we adopted a doctrine known as the Truman doctrine, and it was said, "We will stop communism wherever it rears its ugly head." We invested \$400,000,000 in Greece and Turkey to accomplish that objective. I assume that doctrine is still intact. I presume we are now to back it by \$275,000,000 more. But when communism rears its ugly head in Finland—and Finland has been one poor little nation that has paid its debt—we do not do anything. We do not even condemn it. When it reared its ugly head in Czechoslovakia week before last we did not do a thing, we did not even serve a protest. I do not know whether we are going into an arrangement under which we will be blackmailed all over the world.

Mr. LODGE. I always thought that the term Truman doctrine was very unfortunate, and not at all descriptive, and I have never subscribed to that idea at all. I do think that what we have done in Greece and Turkey in the last year has been, on the whole, quite successful. We can get into Greece and Turkey, because the Mediterranean runs in there, and we can get to those countries with our ships. We cannot get into Czechoslovakia and cannot get into Finland, so we confront a practical problem there.

Mr. FLANDERS. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from Vermont.

Mr. FLANDERS. I should like to say to the senior Senator from Indiana that I am very much intrigued by his proposal. I am not going to vote for it if it is brought to a vote in the form of a substitute bill. I am very much impressed by the necessity for speed, and I should like to say just a word about that necessity.

In the months I have been a Member of the Congress, I have many times felt the pressure of crisis psychology applied to us by the administration. That is the way in which this administration has worked in order to get legislation through.

I view the present situation, however, as something entirely different. The present crisis is one which we ourselves see, which we ourselves evaluate, which is not suddenly presented to us by the administration as a means of getting particular action and prompt action.

Let me call the attention of the Senator from Indiana to one of the things which troubles me respecting his proposal. I would not vote \$2,000,000,000 for relief. I would only vote sums for relief at this time which are directly connected with recovery, and that is what the pending bill provides. I would call the Senator's attention to the heading of section 40 on page 46 of the committee report which is The Purpose Is Recovery, Not Relief.

In view of that fact I suggest to the Senator from Indiana that, "to implement his idea," to use a favorite phrase, it would be necessary to reconsider the form of his substitute bill so as to tie the recovery part of it into the relief, and have no other relief involved in it. I would not spend money in Korea, I would not spend money in China, I would not spend money in Cambodia, I would not spend money in Baluchistan, I would not spend money in Franz Josef Land. I would only spend under this bill the sums of money for relief that were an integral part of the recovery program. So I would want to insist, if I were going to give any extended measure of support to the Senator's proposal—and I hope in due time to do so—that the question of relief as relief must be removed from his substitute bill. This is one of the points which makes more careful and extended consideration necessary.

Mr. CAPEHART. Since the Senator considers the situation from that viewpoint he then will be unable to vote for the committee bill, because the committee bill proposes to appropriate \$5,300,000,000, and the Administrator can spend every penny of it if he wants to do so, for relief.

Mr. FLANDERS. But he is required to spend it for relief as an integral part of the recovery program.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LODGE. The Administrator is supposed, with respect to every single nickel of expenditure, to get an understanding and an agreement from the foreign countries that they will do certain things.

Mr. CAPEHART. That is the idea.

Mr. LODGE. So far as I am concerned, I would be opposed to the Senator's plan to appropriate \$2,000,000,000 for relief. I think we have come to the end of that road. The Senator is much more liberal and open-handed with gifts than I would be. I do not want to expend a single dollar unless the Nation which receives it undertakes to do certain things toward helping its own recovery, so that we will not have to be doing the same thing year after year.

Mr. CAPEHART. Of course the Senator from Massachusetts knows that under the provisions of the substitute bill, as well as the committee bill, not one penny can be spent for relief purposes

or recovery purposes until bilateral agreements have been entered into between the nations involved and our Government, through our Secretary of State.

Mr. LODGE. The Senator's substitute bill fixes a definite amount of \$2,000,000,000 for relief.

Mr. CAPEHART. Under it we would appropriate up to \$2,000,000,000.

Mr. LODGE. It provides a definite amount of \$2,000,000,000. That is what the Senator stated in his address.

Mr. CAPEHART. The interesting thing at the moment is that those who would vote for the proposal for \$5,300,000,000, knowing that the Administrator has the right, under the provisions of the bill, to give it all away, to do practically as he pleases with it, now say they would not vote for the proposed \$2,000,000,000; they do not want to provide for any relief, and they will not vote for anything in the way of relief. That is an inconsistent position.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. FLANDERS. I think I can finish what I had begun to say in a moment or two. Relief, purely as relief, is not contemplated in the bill, and I am "agin" it anyway. We cannot afford to do such a thing the world over.

Mr. CAPEHART. Can we afford to provide \$5,300,000,000?

Mr. FLANDERS. We can for recovery.

Mr. CAPEHART. For what?

Mr. FLANDERS. For recovery.

Mr. CAPEHART. Under my plan of recovery it will not cost the taxpayers a penny.

Mr. FLANDERS. Mr. President, I started out by saying that I was very much intrigued by the Senator's proposal.

Mr. CAPEHART. I appreciate the compliment.

Mr. FLANDERS. Under the bill for which the Senator's proposal is a substitute, provision is made for continued surveillance by the two Houses of Congress of the operations of European recovery. Reference of the substitute bill to the Foreign Relations Committee, as I hope will be done, may result in the very valuable suggestions which the Senator has made being incorporated in legislation later on. That in my opinion is not for today. His proposals require further study and, if approved, incorporation into the structure of the organization which the pending bill would set up.

Mr. CAPEHART. Mr. President, I appreciate the many compliments which have been extended me by the many able Senators that my proposal is possibly a splendid idea, but that the time has not arrived to carry it out. I ask the question: Has not the time always arrived to do the right thing?

Mr. WHERRY. Mr. President, will the Senator from Indiana yield so I may propound a question to the able Senator from Massachusetts [Mr. LODGE].

Mr. CAPEHART. I shall be very happy to yield for that purpose.

Mr. WHERRY. I should like to inquire of the distinguished Senator from Massachusetts what section he relies upon when making the statement that there is authority contained in the bill

which will permit the set-up of the RFC, as suggested by the distinguished Senator from Indiana?

Mr. LODGE. My quick answer to the Senator from Nebraska is—and it will have to be a quick answer—that on page 18, line 10—

Mr. WHERRY. Subsection 2?

Mr. LODGE. Yes; we find the language:

By utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment—

And so forth.

Mr. WHERRY. There is nothing in that language which gives him authority to do that.

Mr. LODGE. The language authorizes the—

Mr. WHERRY. The cooperation of the agencies; yes.

Mr. LODGE. Oh, no. The language is "utilizing the services and facilities of any department, agency, or establishment of the Government." That is not cooperation. That is utilization.

Mr. WHERRY. The reason why the subsection was included was to accomplish the purpose which the distinguished Senator suggests?

Mr. LODGE. I think that is one of the things that some of the members of the committee had in mind. This idea of an RFC is very interesting. Some other distinguished citizens have also written about it and talked about it, and I can very well imagine that there will be instances, in the case of certain situations, where it will be the practical thing to do.

Mr. WHERRY. Let me ask the Senator from Massachusetts if there was ever a legal opinion submitted that would permit the set-up which has been requested by the Senator from Indiana?

Mr. LODGE. I do not know whether there was or whether there was not.

Mr. WHERRY. Did the Senator ever inquire into the matter?

Mr. LODGE. But I do not have a doubt in my mind that if the Administrator decided that that was the most expedient way to deal with the situation in a certain country, he could go ahead under the bill, with the approval of the President, and do so.

Mr. WHERRY. I should like to suggest to the distinguished Senator from Indiana that it is my interpretation of the subsection that it does not grant the legal authority suggested.

Mr. CAPEHART. Mr. President, I should like to ask the able Senator from Michigan a question. Would the Senator from Michigan be willing to amend his bill, in the subsection just read by the Senator from Massachusetts or elsewhere, by specifically and definitely providing that if in the best judgment of the Administrator the RFC method could be used, he would have the right to do so? In other words, it is the opinion of the able Senator from Massachusetts that the Administrator would have the right to use the RFC under the bill as written. Would the Senator from Michigan be willing to amend the bill so that it would be specific on that point, so there would be no question about it?

Mr. WHERRY. To accomplish what the Senator from Indiana seeks to accomplish is another thing.

Mr. CAPEHART. Yes; I appreciate that.

Mr. VANDENBERG. Mr. President, the difficulty I confront in answering the Senator's question is that I would not know what is the definition of the phrase contained in those few words. I would think it rather dangerous to start attempting to identify formulae.

Mr. CAPEHART. I merely asked the question because the able Senator from Massachusetts in his argument against my substitute said that the Administrator now has the right, and, if in his good judgment he wanted to, could use the facilities of the RFC and have the RFC loan money to foreign countries, and buy stock in foreign RFC's. I think he is wrong, but he might well be right.

Mr. VANDENBERG. I would not undertake to pass upon the question. It is a legal question. But the Senator from Massachusetts might well be right.

Mr. CAPEHART. Yes; I agree with that. He might well be right, but I am afraid he is wrong.

Mr. VANDENBERG. The fundamental point to which the Senator from Indiana and I again come back, and where we began an hour and a half ago—the fundamental point with me is in my appeal to my friend, that the whole enterprise will be passing under review within 9 months. It is going to be reviewed in the presence, we hope, of a report from the so-called watchdog committee which, if it functions with any such relative degree of success as the kindred Joint Committee on Atomic Energy has functioned, will put the Congress next January in the position of having dependable realities with which to come to grips. I may say to the Senator that if at that time there is anything that is not evolving in a satisfactory fashion we can change it, and we should change it. If at that time the plan is showing a happy degree of success, the Senator from Indiana will be one of the first to say that it ought to proceed. If it is showing signs of inefficiency and decay, the Senator from Michigan will be one of the first to say that it ought to be changed. In the light of the situation which we confront—and we do confront a condition and not a theory—it seems to me that the practical thing to do is to refer the Senator's proposal to the Senate Committee on Foreign Relations, and not submit it to a vote in the Senate at the present time. On the other hand, if the Senator desires a vote, I respectfully suggest to him that we arrange to have it at a time which suits his convenience, so that we can get on with this terrifically important job.

Mr. CAPEHART. Mr. President, I assure the able Senator from Michigan that I shall not delay the final vote on the bill. At the moment I want a vote on it. But let me say, in answer to the point about haste in meeting the Italian election, which is approximately 6 weeks away, that under either the committee bill or the substitute bill the Administrator could proceed, if he cared to do so, to use \$500,000,000 in Italy, if the bill were passed prior to the Italian elections. It would not in the least inter-

fere with his immediate functioning in Italy. He could proceed to do what he could do, and the only thing he could do, whichever bill passed the Congress.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LODGE. Let me say to the able Senator from Indiana that it is not a question of funds going into Italy. I presume that that situation is pretty well organized now. It is a question of the psychological effect over there which will result from an assurance that this country is interested in what happens in Europe. It is not a question of funds which may be made available under this bill, because they would not be made available in time to affect anything.

There is a question of the attitude which the United States is to take toward the whole imperialistic threat; and the action of the Congress on this bill be regarded as an indication of the American viewpoint.

Mr. CAPEHART. My opinion is that the psychological effect on the Italian people would be just as good under one bill as under the other. I do not think we need to make haste to pass one bill, as against another, because of the psychological effect on Italy. If I correctly judge the temper of the Italian people at the moment—and I have been in that country—only a small percentage of the people will know what we do or do not do in the Congress of the United States in respect to this bill. Perhaps only one-thousandth of 1 percent of the people will ever read the bill or know what is in it, or understand it. Only a very small percentage of the people will ever know whether we are helping them or not. I may well be mistaken in that judgment.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. VANDENBERG. Would the Senator agree to a unanimous-consent request to vote upon his substitute without further debate or amendment, either at 5 o'clock this afternoon or when the Senate reconvenes at 12 o'clock noon tomorrow?

Mr. CAPEHART. I shall be very happy to agree to a vote at 2 o'clock tomorrow.

Mr. VANDENBERG. Mr. President, I make such a unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Mr. REVERCOMB. Mr. President, reserving the right to object, what was the hour suggested?

Mr. CAPEHART. The hour suggested by the able Senator from Michigan was either 5 o'clock today or 12 o'clock noon tomorrow. My counterproposal was to vote at 2 o'clock tomorrow afternoon.

Mr. REVERCOMB. I hope the Senator will not agree to the proposal at this time, and that that question may be passed for a few moments.

The PRESIDING OFFICER. Objection is heard.

Mr. CAPEHART. Mr. President, I think that is about all I care to say on the subject at this time.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WHERRY. There is one feature about the proposal of the distinguished Senator from Indiana which I had considered prior to coming back to this session of the Congress. I am not sure whether the Senator intended to have it embodied in the substitute bill, or whether he had thought about it.

It seems to me that if there could be a provision in whatever bill is enacted whereby the RFC could function as has been outlined by the distinguished Senator, it would have at least one wholesome effect. With respect to the loans which are made privately, or even to the municipal corporations or governmental corporations which now exist, there would be, to a certain extent, policing on the part of the RFC—and I hope there will be such policing on the part of the Administrator if the Senator's proposal is not adopted. I hope that there will be an inducement to local capital in the respective countries to invest in these projects—either in the bank itself or in the projects for which money is made available. I suggest to the distinguished Senator that that is one thing which surely should be stressed to the *nth* degree, because if we do not insist that the capital belonging to citizens of foreign countries be used to build up their own industries, certainly there will be a wholesale demand made to come to the United States taxpayers and get the money. That will be the result if we bypass local capital, or even the money which is invested in the United States. I believe there is a section of the bill devoted to the effort to induce local capital in the respective countries to invest in these projects.

I wish to compliment the distinguished Senator from Michigan for going as far as he could to reveal how much of such capital is here, and what the investments are. There has been a great deal of loose talk about the amount of foreign capital invested in the United States. Estimates run all the way from \$12,000,000,000 to \$18,000,000,000. It seems to me that if an inducement cannot be made to citizens of foreign countries to invest in these projects, we shall be going a long way toward requiring citizens of the United States to make the investment, because without such an inducement the citizens of foreign countries will not invest their funds in their own institutions.

Furthermore, if local capital is invested in the RFC of the particular country, or if it is invested in the individual projects, there will be citizens in each community who will police the loan, and also the Government, to see that the financial arrangements are satisfactory. I do not recall any statement on that subject in the Senator's formal address, but I ask him if that object would not be accomplished if either the pending bill or the Senator's substitute should contain a section providing for the organization of a local RFC on the basis he has suggested.

Mr. CAPEHART. Of course, the substitute bill calls for our RFC to buy half of the stock in the respective Reconstruction Finance Corporations in the 16 European nations, we furnishing half the capital and they furnishing the other

half. They would obtain their half of the capital from their present investments in the United States. Those investments would be put up as collateral. We would not disturb the investments. They would merely be put up as collateral.

It might interest the Senate to know that the British Government borrowed six hundred million or seven hundred million—or perhaps it was only four hundred and fifty million—from our own RFC. The British Government put up as collateral for that loan its investments in our own country, and the investments of its nationals. They retained title. They even received the interest and dividends. Such dividends and earnings amount to approximately \$97,500,000 a year. They would be using the earnings on approximately \$900,000,000 worth of investments which they have in our country, to pay back the \$450,000,000 loan. In asking the foreign governments to put up half the capital, we would only be asking them to use as collateral the investments they now have in the United States, and they would retain title to those investments and would receive the earnings from them. They would lose them only if, as, and when their own RFC, that is, the one in their own country, might become defunct and bankrupt. If they managed this matter properly and if it was successful, the whole business would not cost the countries of Europe or our own taxpayers one penny; all of it would be done on credit.

Mr. LODGE. Mr. President, will the Senator yield to me?

Mr. CAPEHART. I yield.

Mr. LODGE. I should like to point out that the bill as it now stands provides, on page 29, in line 11, that the investments of foreigners in the United States shall be efficiently and practically used and shall be located and controlled in the interests of this Marshall plan. In other words, as the bill now stands, it contains provision for the machinery to see to it that the assets of foreigners in the United States shall bear their fair share of the load under the Marshall plan.

Mr. CAPEHART. I agree, Mr. President. They will be used by their own respective governments. There is no question about that. But I do not think that is the point involved here. I am suggesting the RFC plan in order to cut down the cost to our own taxpayers.

Mr. LODGE. But if the Administrator locates and controls and makes efficient and practical use of these foreign assets, as provided in this bill, that will reduce the cost of this program by just that much.

Mr. WHERRY. Mr. President, will the Senator yield to me?

Mr. CAPEHART. I yield.

Mr. WHERRY. I say that what the Senator from Massachusetts has just suggested is correct, if the Administrator does actually make use of the foreign investments and assets in that way. But under the program as now suggested by the Senator from Indiana, that would be a part of the loan. An inducement would be made in that way.

The suggestion made in the committee bill simply means that the Administrator shall attempt to have the foreign assets spent on the recovery program. But in the particular program which the Senator from Indiana has advanced there would be an inducement to foreign capital to invest in an RFC which, in turn, would make the scores of loans which would be negotiated. The substitute bill provides an inducement. There is quite a difference between making a loan in a case in which a party becomes a partner—as would be the case under the substitute bill—and the provision now in the bill which simply says that the Administrator is to attempt to induce those who have flight capital in the United States—stocks and bonds—to invest in their own country.

Mr. LODGE. Mr. President, let me say to the Senator from Nebraska, if the Senator from Indiana will permit—

Mr. CAPEHART. I yield.

Mr. LODGE. Let me say that the inducement under the language of the present bill is very much greater than the inducement under the plan the Senator from Indiana is discussing, because under the present bill there is the force of law, with the recipient countries' governments behind it, and that is a very powerful inducement, indeed.

Mr. WHERRY. Yes; but in the final analysis, what is the result?

Mr. LODGE. These assets can be pledged to the support of the Marshall plan.

Mr. WHERRY. Would the Administrator make them pledge the assets to the support of the plan?

Mr. LODGE. No. The Senator from Nebraska is trying to get me to say something that I will not say. He is trying to get me to say that there is going to be a forced liquidation of foreign assets. However, I do not agree that that will happen. The Senator from Indiana does not want it, either, and neither does the Senator from Nebraska. So here we have just another attempt to draw a red herring across the trail.

Mr. WHERRY. Mr. President, I thank the Senator from Massachusetts. That is the point I am making. In short, we cannot force them to invest. It would be against all American tradition and policy to attempt to make them do so.

The new proposal would have them make loans to the industries of their own countries. To that extent the new proposal is a broad and expanded plan.

If the Senator from Massachusetts says it can be done under this section of the pending bill, perhaps this matter can be ironed out. But certainly I think the Senator from Indiana has a very good point.

Mr. LODGE. Certainly he has a good point.

Mr. WHERRY. Certainly he has a good point in attempting to induce foreign capital to invest in the institutions of its own country, by taking that capital out of the United States willingly, and using it to build up their own industries, as a part of their own assets and their own program—rather than to have us do it, and then have them keep

their capital and their investments in the United States.

Mr. LODGE. Of course the Senator has a good point.

Mr. WHERRY. Certainly.

Mr. LODGE. Mr. President, if the Senator from Indiana will further yield, let me say that it seems to me that the idea that as a result of this bill the people of Europe will make their own maximum contribution to their own welfare, in whatever way they can—by their own work or their own investments, or by whatever other means—is absolutely implicit to this bill. That is the whole point of it, and it runs through the entire language of the bill.

That is why I agree that the idea of the Senator from Indiana is a good one. It is so good that everyone else has had the same idea, and we have been trying to frame a bill which will result in the maximum amount of European self-help.

Mr. CAPEHART. Mr. President, the substitute plan is, in my opinion, more definite in respect to the subject we have been discussing. I agree that what the able Senator from Massachusetts stated a moment ago is true, but it deals in generalities. What he tried to tell us was, "Yes; under the bill the 16 nations must try to find their dollar investments in the United States, and they must use them; and as a result of using them, they will need less money from our Administrator." That is what the Senator from Massachusetts was trying to say, and I think that is what he did say. That is true; but the Senator still forgets that we are going to appropriate \$5,300,000,000 to the Administrator, although it is true that he will not have to use it if he does not want to.

But under the substitute bill the governments of the 16 nations must put up half of the capital. We would put up half and they would put up half. They have the capital in the United States at the moment. We do not ask them to liquidate those holdings. We would not confiscate those holdings. We ask them simply to put up those holdings as collateral against their investment in their own RFC, one-half to be invested by them and one-half by ourselves. That is all we ask them to do. They would retain the title to their holdings, and they would receive all the earnings from their holdings. If their own national reconstruction finance corporation, of which they would own one-half and we would own one-half, is successful, they will continue to own and control their dollars in this country.

Mr. President, I have finished, at least for the time being, on this subject. I thank the able Senator from Michigan for his kind consideration.

The PRESIDING OFFICER. Does the Senator from Indiana yield the floor?

Mr. CAPEHART. I do.

LIST OF UNITED STATES PERSONNEL PARTICIPATING IN THE PREPARATION OF THE EUROPEAN RECOVERY PROGRAM

Mr. WILSON. Mr. President, I have had numerous requests from the people of Iowa for a list of those persons connected with the executive department who had to do with the European recovery program. In response to that request I communicated with the ex-

ecutive branch of the Government and there has been handed me a list of United States personnel participating in the preparation of the program. The list does not include any persons from the legislative branch. I ask unanimous consent that as a part of my remarks this list, together with the table of contents, be printed in the RECORD.

There being no objection, the list and table of contents were ordered to be printed in the RECORD, as follows:

LIST OF UNITED STATES PERSONNEL PARTICIPATING IN THE PREPARATION OF THE EUROPEAN RECOVERY PROGRAM

(Table of contents)

- A. Advisory Steering Committee on European Recovery Program.
- B. Executive Committee on Economic Foreign Policy (ECEFP).
- C. National Advisory Council (NAC).
- D. Policy Planning Staff of the Department of State.

- E. Substructure of the major committees:
 - (1) Advisory Steering Committee:
 - (a) Objectives Subcommittee.
 - (b) Correlation Committee and staff group.
 - (c) Organization and Administration Committee.
 - (d) Legislative Drafting Committee.
 - (e) Functional and Commodity Committee:

- 1. Food and agriculture.
- 2. Fertilizer.
- 3. Agricultural machinery.
- 4. Coal.
- 5. Mining machinery.
- 6. Electric power.
- 7. Petroleum.
- 8. Iron and steel.
- 9. Inland transport.
- 10. Maritime transport.
- 11. Timber.
- 12. Manpower.

- (f) Country committees: Coordinating group:

- 1. Austria.
- 2. Belgium—Netherlands—Luxemburg.
- 3. France.
- 4. Greece.
- 5. Italy.
- 6. Scandinavia.
- 7. Switzerland—Portugal.
- 8. Turkey.
- 9. United Kingdom and Ireland.
- 10. Western Germany.

- (2) Executive Committee on Economic Foreign Policy: Subcommittees for ERP:

- (a) Working group on relationship between the ERP and the UN and specialized organizations.
- (b) Working group on the relationship between ERP and ITO.
- (c) Working group on domestic controls needed to implement the ERP.
- (d) Working group on strategic materials.
- (e) Working group on manpower report.
- (3) National Advisory Council: Staff committee.

A. ADVISORY STEERING COMMITTEE ON EUROPEAN RECOVERY PROGRAM

Chairman: Robert A. Lovett, Department of State.

Vice Chairman and Executive Secretary: Charles H. Bonesteel, Department of State.

Secretary: Melvin L. Manfull, Department of State.

Members: Charles Murphy, the White House; Thomas C. Blaisdell, Jr., Department of Commerce; Frank A. Southard, Treasury Department; N. E. Dodd, Department of Agriculture; James Boyd, Department of the Interior; Col. R. M. Cheseldine, Department of the Army; Admiral E. T. Wooldridge, Department of the Navy; J. Burke Knapp, Federal Reserve; Philip M. Kaiser, Department of Labor.

Alternates: Paul H. Nitze, Lincoln Gordon, Henry Labouisse, Department of State; Robert Turner, the White House; Thomas J.

Lynch, L. M. Pumphrey, Treasury Department; Jesse Gilmer, Fred D. Northrup, Department of Agriculture; Capt. Nathan H. Collisson, Department of the Interior; Lt. Col. Philip Shepley, Department of the Army; Capt. Y. J. Tichenor, Department of the Navy; Alexander Gerschenkron, Lewis Dembitz, Federal Reserve; Willard L. Thorp, Department of State.

B. EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY

Chairman: Willard L. Thorp, Department of State.

Executive Secretary: Eleanor E. Dennison, Department of State.

Members: Frank H. Southard, Jr., Treasury Department; Clinton P. Anderson, Department of Agriculture; Thomas C. Blaisdell, Department of Commerce; Philip Kaiser, Department of Labor; C. Girard Davidson, Department of the Interior; Thomas J. Hargrave, National Military Establishment; Oscar B. Ryder, United States Tariff Commission; J. Burke Knapp, Federal Reserve Board.

Alternates: Morris J. Fields, Treasury Department; Charles Brannan, Department of Agriculture; Frank Shields, Department of Commerce; Faith M. Williams, Department of Labor; Arthur S. Barrows, National Military Establishment; Lynn R. Edminster, United States Tariff Commission.

C. NATIONAL ADVISORY COUNCIL

Chairman: John W. Snyder, Treasury Department.

Secretary: John W. Gunter, Treasury Department.

Members: George C. Marshall, Department of State; W. Averell Harriman, Department of Commerce; Marriner S. Eccles, Board of Governors, Federal Reserve System; William McC. Martin, Jr., Export-Import Bank.

Alternates: Frank A. Southard, Treasury Department; Willard L. Thorp, Department of State; Thomas C. Blaisdell, Jr., Department of Commerce; J. Burke Knapp, Federal Reserve System; Herbert E. Gaston, Export-Import Bank.

D. POLICY PLANNING STAFF OF THE DEPARTMENT OF STATE

Director: George F. Kennan, Department of State.

Executive Secretary: Carlton Savage, Department of State.

Members: Jacques J. Reinstein, Department of State; Joseph E. Johnson, Department of State; Ware Adams, Department of State.

Consultant: Edward S. Mason, Harvard University.

E. SUBSTRUCTURE OF THE MAJOR COMMITTEES

(1) Advisory Steering Committee

(a) Objectives Subcommittee

Chairman: George F. Kennan, Department of State.

Executive Secretary: Bromley K. Smith, Department of State.

Members: Charles H. Bonesteel, Department of State; Willard Thorp, Department of State; Thomas C. Blaisdell, Jr., Department of Commerce; Frank A. Southard, Treasury Department.

Consultants: Jacques J. Reinstein, Department of State; John D. Hickerson, Department of State; Samuel Reber, Department of State; Loy W. Henderson, Department of State; W. Walton Butterworth, Department of State.

(b) Correlation Committee

Chairman: Charles H. Bonesteel, Department of State.

Executive secretary: Col. Sidney Giffen, Department of the Army.

Secretary: Stanley Phraner, Department of Commerce.

¹ Has liaison representation on ECEFP; for Marshall plan discussions considered full member.

Members: Paul H. Nitze, Lincoln Gordon, Department of State; Frank A. Southard, Treasury Department; Thomas Blaisdell, John M. Cassels, Department of Commerce.

Staff group for Correlation Committee
Chief: Charles P. Kindleberger, Department of State.

Members: Harold R. Spiegel, William T. Phillips, William H. Bray, Jr., Wilfred Malenbaum, Ben T. Moore, Robert W. Tufts, Harlan P. Bramble, Department of State.

(c) Organization and Administration Committee

Chairman: Lincoln Gordon, Department of State.

Executive secretary: Herman Pollack, Department of State.

Secretary: John L. Kuhn, Department of State.

Members: Arthur A. Kimball, Department of State; Thomas J. Lynch, Treasury Department; Nathan Ostroff, Department of Commerce; Thatcher Winslow, Labor Department; Dan Wheeler, Department of the Interior; J. Burke Knapp, Federal Reserve Board; W. Carroll Hunter, Department of Agriculture; Lt. Col. John P. Buehler, Department of the Army.

Alternates: Joseph A. Frank, Arthur G. Stevens, Wayne G. Jackson, Walter S. Surrey, Department of State; Joseph B. Friedman, Treasury Department; Daniel L. Goldy, Department of the Interior.

(d) Legislative Drafting Committee

Chairman: Ernest A. Gross, Department of State.

Members: Thomas J. Lynch, Treasury Department; Adrian Fisher, Department of Commerce; Martin G. White, Department of the Interior; W. Carroll Hunter, Department of Agriculture; Jeter S. Ray, Department of Labor; Maj. Gen. Thomas H. Green, Department of the Army; Hudson B. Cox, Department of the Navy; George B. Vest, Board of Governors, Federal Reserve System; Wade H. Skinner, Maritime Commission; Hawthorne Arey, Export-Import Bank of Washington.

Alternates: Walter S. Surrey, Michael H. Cardozo, Robert B. Eichholz, Department of State; Joseph B. Friedman, Elting Arnold, Clifford Hynning, Treasury Department; Nathan Ostroff, J. P. Brown, Department of Commerce; Felix S. Cohen, Department of the Interior; George E. Cooper, Edward M. Shulman, Department of Agriculture; Kenneth Meiklejohn, Department of Labor; Brig. Gen. E. M. Brannon, Col. James F. Hanley, Lt. Col. Ray K. Smathers, Col. W. H. Peters, Jr., Department of the Army; Harold B. Gross, Department of the Navy; Fred Solomon, Board of Governors, Federal Reserve System.

(e) Functional and Commodity Committee

Chairman: Paul H. Nitze, Department of State.

Executive secretary: Glenn H. Craig, Department of State.

Secretary: Ronald M. Ayer, Department of State.

Members: Chairmen of individual commodity committees on attached lists.

1. Food and agriculture

Chairman: Fred Northrup, Department of Agriculture.

Secretary: Murray Thompson, Department of Agriculture.

Members: W. J. Garvin, Department of the Army; Lewis Bassie, Department of Commerce; Albert Viton, International Emergency Food Council; Francis Linville, Department of State; C. K. Lewis, Tariff Commission; Robert Oshins, the White House.

Alternates: J. A. Becker, J. T. Cavin, Joseph L. Orr, F. M. Rhodes, L. B. Taylor, Department of Agriculture; C. E. Lund, Department of Commerce.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November 1947: Karl A. Fox, Harriman committee staff; John Kerr Rose, House Select Committee on Foreign Aid staff.

2. Fertilizer

Chairman: William G. Finn, Department of Agriculture.

Secretary: William F. Watkins, Department of Agriculture.

Members: Kenneth D. Jacob, Department of Agriculture; C. K. Horner, Department of Commerce; Henry M. Pauley, Department of State.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Karl A. Fox, Maynard Jenkins, Harriman committee staff; John Kerr Rose, House Select Committee on Foreign Aid staff.

3. Agricultural machinery

Chairman: William L. Beck, Department of Commerce.

Secretary: Martin R. Cooper, Department of Agriculture.

Members: Thomas J. Murphy, Department of Commerce; Karl L. Anderson, Department of State.

Alternates: A. P. Brodell, R. B. Gray, Erling Hole, Leon B. Taylor, Arthur W. Turner, Department of Agriculture; G. J. Rothwell, Department of State.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Karl A. Fox, H. H. Hughes, S. Morris Livingston, Willard Morrison, Harriman committee staff; John Kerr Rose, House Select Committee on Foreign Aid staff; Francis O. Wilcox, Senate Committee on Foreign Relations staff.

4. Coal

Chairman: John Havener, Department of Commerce.

Secretary: Louis Lister, Department of State.

Assistant secretary: Fred Sanderson, Department of State.

Members: C. M. Stull, Department of Commerce; Thomas Hunter, Department of the Interior; R. M. Preisman, Office of Coordinator.

Alternates: Ralph Trisko, Department of Commerce; Daniel Wheeler, Department of the Interior.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: C. W. de Forest, Richard H. Mote, Hector Prud'homme, Harriman committee staff; Theodore Geiger, House Select Committee on Foreign Aid staff.

5. Mining machinery

Chairman: William L. Beck, Department of Commerce.

Secretary: Everett Wilcox, Department of Commerce.

Members: William H. Myer, Department of Commerce; John W. Buch, Department of the Interior; Karl L. Anderson, Department of State.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Harold von Thaden, Department of Commerce; Albert M. Keenan, S. Morris Livingston, Arthur Knoizen, Richard H. Mote, H. R. Wheeler, Harriman committee staff; Theodore Geiger, House Select Committee on Foreign Aid staff.

6. Electric power

Chairman: Thomas Hibben, Department of Commerce.

Secretary: Wilfred Malenbaum, Department of State.

Assistant secretary: M. G. Tiger, Department of State.

Members: Lt. Col. A. L. Jorgenson, Department of the Army; E. Robert de Lucci, Federal Power Commission; Arthur Goldschmidt, Department of the Interior.

Alternates: Howard Way, Department of Commerce; Ellsworth Hand, C. E. Bennett, Federal Power Commission.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947: Walter L. Cissler, C. W. de Forest, George Hamilton, R. M. Landreth, J. A. H. Torry, V. M. White, Harriman committee staff; Edward Falck, House Select Committee on Foreign Aid staff.

7. Petroleum

Chairman: John Loftus, Department of State.

Secretary: David Longanecker, Department of State.

Members: Gustav Vogel, Army-Navy Petroleum Board; Carl Gibboney, Department of Commerce; Max Ball, Department of the Interior; Walter Levy, Department of State.

Alternates: Carroll Fentress, Department of the Interior; E. B. Swanson, Department of the Interior; R. H. S. Eakens, Department of State.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November 1947: John Bauer, Harriman committee staff; Gerald Cogan, Harriman committee staff; A. E. Ernst, Harriman committee staff; Robert Koenig, Harriman committee staff; Richard Mote, Harriman committee staff; Arthur Stewart, Harriman committee staff; John Fry, House Select Committee on Foreign Aid staff.

8. Iron and steel

Chairman: J. Joseph Palmer, Department of Commerce.

Secretary: Isalah Frank, Department of State.

Assistant Secretary: Virginia McClung, Department of State.

Members: Robert Simpson, Department of Commerce; Harold Wein, Department of Justice; Paul Hoover, Department of State; Carlyle H. Strand, Tariff Commission.

Alternates: Robert H. Weidenhammer, Department of Commerce; Leon Goldenberg, Department of State.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November, 1947: Hiland Bachellor, Harriman committee staff; Richard Bissell, Harriman committee staff; Otis Brubaker, Harriman committee staff; S. Morris Livingston, Harriman committee staff; William S. Morrison, Harriman committee staff; Hector Prud'homme, Harriman committee staff; William Remington, Harriman committee staff; Edwin B. George, Robert Landry, House Select Committee on Foreign Aid staff.

9. Inland transport

Chairman: John H. Tuthill, Department of State.

Secretary: Doris Whitnack, Department of State.

Members: T. E. Anderson, J. C. Winter, Department of Agriculture; Paul Brown, Department of the Army; James Glynn, Department of Commerce; Gerald Gallagher, ODT; H. H. Kelly, Department of State.

Alternates: J. J. Kaplan, Gustav Pollaczek, Robert Swain, Clarence S. Gunther, Department of State.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November, 1947: William Flexner, Max Milliken, Harriman committee staff.

10. Maritime transport^a

Chairman: Walter Radius, Department of State.

Secretary: Lehman P. Nickell, Department of State.

Members: Serge Kushnarev, Department of Commerce; Huntington T. Morse, Maritime Commission; J. E. Saugstad, Department of State.

Alternate: Harvey Klemmer, Department of State.

Observers and consultants at conversations with representatives of technical committee of CEEC in Washington during October and November, 1947; Capt. Granville Conway, James McCullough, Max Milliken, Harriman committee staff.

11. Timber

Chairman: Edward I. Kotok, Department of Agriculture.

Secretary: W. H. Sparhawk, Department of Agriculture.

Members: Edward C. Crafts, Department of Agriculture; Joseph L. Muller, Department of Commerce; Jacob Crane, Federal Housing Agency; J. S. Shanklin, Department of the Interior; Frank H. Whitehouse, Department of State; J. M. P. Donahoe, Tariff Commission.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947; A. C. Cline, Kenneth R. Davis, Harriman committee staff; Theodore Geiger, House Select Committee on Foreign Aid staff; Thomas Gill, Pack Forestry Foundation.

12. Manpower

Chairman: Faith Williams, Department of Labor.

Secretary: Jean Flexner, Department of Labor.

Members: Ralph Hetzel, Department of Commerce; Val R. Lorwin, Department of State.

Alternates: David Lasser, Department of Commerce; Herbert A. Fierst, Department of State.

Observers and consultants at conversations with representatives of Technical Committee of CEEC in Washington during October and November 1947; Ford Hinrichs, Harriman committee staff; Gustav Peck, House Select Committee on Foreign Aid staff.

(f) Country committees

Coordinating group for country studies

Chairman: Henry Labouisse, Department of State.

Executive secretary: Leonard Unger, Department of State.

Members: Fred Straus, Department of Commerce; Val Lorwin, Wayne Jackson, William Koren, Department of State.

^a The report submitted on Maritime Transport was reviewed by the shipping coordinating committee (SEC). Its formal membership is as follows:

Chairman: Garrison Norton, Department of State.

Vice chairman: W. W. Smith, United States Maritime Commission.

Executive secretary: L. James Falck, United States Maritime Commission.

Assistant executive secretary: John W. Mann, United States Maritime Commission.

Secretary: G. Curtis Murrell, United States Maritime Commission.

Members: Maj. Gen. Edward H. Leavey, Department of the Army; Thomas C. Blaisdell, Department of Commerce; Rear Adm. W. M. Callaghan, Department of the Navy; Edward H. Foley, Treasury Department.

Alternates: Brig. Gen. Paul Yount, Department of the Army; Thomas Hibben, James C. Nelson, Department of Commerce; Huntington T. Morse, Richard Parkhurst, United States Maritime Commission; Capt. W. N. Mansfield, USNR, Department of the Navy; Adm. J. F. Farley, USCG, Capt. H. C. Moore, USCG, Treasury Department.

1. Austria

Chairman: Harold Vedeler, Department of State.

Executive secretary: Charles Rogers, Department of State.

Members: Karl Koranyi, Department of Commerce; J. Herbert Furth, Federal Reserve Board; James Wood, Treasury Department.

Staff: Joseph Rosa, Gerti Landauer, Everett Walk, Erwin Strauss, Department of State; Myrtle Brickman, Department of Commerce; Margaret Bell, Treasury Department.

2. Belgium-Netherlands-Luxemburg

Chairman: Ray Miller, Department of State.

Executive secretary: Richard Breithut, Department of State.

Members: Taylor Musser, Department of Commerce; Robert Bean, Federal Reserve Board; George Willis, Treasury Department.

Staff: Clinton Knox, Paul Hoover, Marcia Harrison, Elizabeth Otey, Department of State; Walter Buchdahl, Clarence Seigel, Department of Commerce; Frances Miller, Ellen Maloney, Paul Parker, Treasury Department.

3. France

Chairman: Woodruff Wallner, Department of State.

Executive secretary: Ivan White, Department of State.

Executive secretary: Maurice Levy-Hawes,³ Department of State.

Members: Taylor Musser, Department of Commerce; Albert Hirschman, Federal Reserve Board; Frances Miller, Treasury Department.

Staff: Alfred Reifman, Val Lorwin, William Koren, Leon Goldenberg, Department of State; John Keen, Clarence Seigel, Department of Commerce.

4. Greece

Chairman: William Rountree, Department of State.

Executive secretary: John Lindeman, Department of State.

Members: Samuel Goldberg, Department of Commerce; J. Herbert Furth, Federal Reserve Board; George Willis, Treasury Department.

Staff: Arthur Beach, Charles Glendinning, John Kennedy, Department of State; Beatrice S. Baum, Treasury Department.

5. Italy

Chairman: Walter Dowling, Department of State.

Executive secretary: William Stibravy, Department of State.

Members: Katherine Jacobson, Department of Commerce; Albert Hirschman, Federal Reserve Board; George Willis, Treasury Department.

Staff: Gesualdo Costanzo, Jacob Kaplan, George Tesoro, Clinton Doggett, Department of State; Seymour Pollack, Treasury Department.

6. Scandinavia

Chairman: Robert Hooker, Department of State.

Executive secretary: Randolph Higgs, Department of State.

Members: Grant Olson, Department of Commerce; Robert Bean, Federal Reserve Board; George Willis, Treasury Department.

Staff: George Alsberg, Richard Breithut, Eleanor Murphy, Eddie Schodt, Department of State; Ellen Maloney, Treasury Department.

7. Switzerland-Portugal

Chairman: Outerbridge Horsey, Department of State.

Executive secretary: William Conklin, Department of State.

Members: Charles Barrett, Department of Commerce; Albert Hirschman, Federal Reserve Board; James Wood, Treasury Department.

³ Mr. Levy-Hawes succeeded Mr. White on the latter's return to the Paris Embassy.

Staff: Edmund Da Silveira, Raymond Fernandez, Maurice Levy-Hawes, Nicholas Milroy, Department of State; Fred Neter, Seymour Pollack, Treasury Department.

10. Western Germany

Chairman: Edwin Martin, Department of State.

Chairman: Daniel Margolies,⁴ Department of State.

Executive secretary: Coburn Kidd, Department of State.

Members: Karl Koranyi, Department of Commerce; J. Herbert Furth, Federal Reserve; James Wood, Treasury Department; Col. Charles Blumenfeld, Department of the Army; Don D. Humphrey, OMGUS.

Staff: George Jacobs, Department of State; William Parker, Department of State; Fred Sanderson, Department of State; June Boeckman, Department of State; Herbert H. Marcuse, Department of State; Stanley Sommerfeld, Treasury Department; Maj. William Reed, Department of the Army; Wilfred Garvin, Department of the Army; Saul Nelson, OMGUS.

(2) Executive Committee on Economic Foreign Policy: subcommittees for ERP

(a) Working group on the relationship between the ERP and the UN and specialized organizations:

Chairman: Leroy D. Stinebower, Department of State.

Members: Miriam Camp, Otis E. Mullikin, Department of State; Thomas C. Blaisdell, Jr., Department of Commerce; Iver Olsen, Treasury Department; Robert B. Schwenger, Department of Agriculture.

(b) Working group on the relationship between ERP and ITO:

Chairman: Paul H. Nitze, Department of State.

Members: Ben T. Moore, Department of State; George Bronz, Morris Fields, Treasury Department; Oscar Zaglits, Department of Agriculture; Henry Chalmers, Department of Commerce; Lynn R. Edminster, United States Tariff Commission.

(c) Working group on domestic controls needed to implement the ERP:

Chairman: Donald D. Kennedy, Department of State.

Members: Charles P. O'Donnell, Department of State; John S. Richards, Treasury Department; Frank Garfield, Federal Reserve Board; Charles W. Bucy, Department of Agriculture; Paul Homan, Council of Economic Advisers; Walter Seymour, Department of the Interior; Mike Meehan, Department of Commerce.

(d) Working group on strategic materials:

Chairman: William T. Phillips, Department of State.

Members: Karl L. Anderson, Department of State; James Boyd, Department of the Interior; Carl Rolle, Army and Navy Munitions Board; T. D. O'Keefe, Department of Commerce; Morris Fields, Treasury Department; W. G. Finn, Department of Agriculture.

(e) Working group on manpower report: Chairman: Faith Williams, Department of Labor.

Members: Wilbur Cohen, Federal Security Agency; Irwin M. Tobin, George L. Warren, Val Lorwin, Department of State; Collis Stocking, Jean Flexner, Department of Labor; Duncan Wall, Department of Agriculture.

(3) National Advisory Council: Staff committee

Chairman: John W. Gunter, Treasury Department.

Working group chairman: Andrew M. Kamarck, Treasury Department.

⁴ Mr. Margolies served as chairman while Mr. Martin attended the meetings of the Council of Foreign Ministers in London.

Secretary: Allan J. Fisher, Treasury Department.

Assistant secretary: Harold Rosen, Treasury Department.

Members: Norman Ness, Department of State; Clarence Blau, Department of Commerce; J. Burke Knapp, Board of Governors, Federal Reserve System; Hawthorne Arey, Export-Import Bank; Walter C. Louchheim, Securities and Exchange Commission.

Liaison alternates: Jerome J. Stenger, Hubert F. Havlik, Hale T. Shenofield, Harold R. Spiegel, Department of State; Lewis Dembitz, Board of Governors, Federal Reserve System; Walter C. Sauer, Export-Import Bank.

Interdepartmental working groups of the staff committee composed of the experts on the particular matter or country are set up as occasion warrants. These groups collect the basic information available to the Government and perform the necessary analysis on the particular problem. The membership of these groups at one time or another would include most of the experts in governmental service working on international financial and economic problems. It appears neither appropriate nor feasible, therefore, to list the membership of such groups.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. BALDWIN obtained the floor.

Mr. RUSSELL. Mr. President—

Mr. BALDWIN. I yield to the Senator from Georgia.

Mr. RUSSELL. Will the Senator from Connecticut permit me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Georgia suggest the absence of a quorum?

Mr. RUSSELL. With the indulgence of the Senator from Connecticut, I do. I think a quorum should be present.

The PRESIDING OFFICER. Does the Senator from Connecticut yield for that purpose?

Mr. BALDWIN. Yes.

Mr. RUSSELL. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	George	Magnuson
Baldwin	Green	Maybank
Ball	Gurney	Millikin
Barkley	Hatch	Moore
Brewster	Hawkes	Murray
Bricker	Hayden	Myers
Bridges	Hickenlooper	O'Connor
Brooks	Hill	O'Daniel
Buck	Hoey	O'Mahoney
Butler	Holland	Overton
Byrd	Ives	Pepper
Cain	Jenner	Reed
Capehart	Johnson, Colo.	Revercomb
Capper	Johnston, S. C.	Robertson, Va.
Chavez	Kem	Robertson, Wyo.
Connally	Kilgore	Russell
Cooper	Knowland	Saltonstall
Cordon	Langer	Smith
Downey	Lodge	Sparkman
Dworshak	Lucas	Stennis
Eastland	McCarran	Stewart
Eaton	McClellan	Taft
Ellender	McFarland	Taylor
Ferguson	McGrath	Thomas, Okla.
Flanders	McKellar	Thomas, Utah

Thye
Tobey
Umstead

Vandenberg
Watkins
Wherry

Wiley
Williams
Wilson

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. BALDWIN. Mr. President, it is a most welcome relief to know that months of objective study have gone into the preparation and planning for the European recovery program. I say it is a welcome relief because too often, in the past, we have been in the position of having to vote hurriedly on last-minute, hastily conceived emergency programs. We have been impressed, too, by the commendable work of the members of the Senate Foreign Relations Committee, and particularly by the devoted work of the senior Senator from Michigan, the chairman of that committee. I believe the members of that committee, who unanimously reported this bill, deserve our commendation and our confidence.

In the last few days we have heard here on the Senate floor, and have read in the RECORD, the many objections to and reservations concerning the European recovery plan. The net effect has been good. These exchanges have called sharply to our attention the dangers inherent in the plan and the need for careful and constant observation.

There has, however, been presented no better plan than the one reported by the committee. The only apparent alternatives are these:

First. To resort to appeasement.

Second. To turn this plan over to the United Nations.

Third. To seek to isolate ourselves and give only emergency relief to needy people.

Fourth. Or to resort to a substitute plan, which, however meritorious and sincere in purpose, is at best only hastily and narrowly considered.

Appeasement was not invented in 1939. It is as old as the history of man. Can anyone recall any occasion in recorded history when the appeasement of an aggressor prevented war in the end? Every time the would-be appeasers have found themselves driven to a final stand on ground far less favorable than when they began. Those apologists who suggest more moderation and understanding in our attitude toward the Soviet Union apparently see no inconsistency in the violence of the statements against us issued by the Soviet leaders. They propose to us the same often tried and always failing theory that weak men have tried again and again, to their sorrow, down through history. If it be true that a more friendly behavior on the part of this Government toward Russia will lead to the cessation of these difficulties, it does indeed seem strange that immediately after the conclusion of the recent war, when our attitude toward the Soviet Union was one of friendliness and trust, the Russian leaders took that opportunity to extend their iron control over many nations from the Baltic to the Balkans. Is there, therefore, any reason to suppose that those same leaders will now interpret a more compliant attitude on our part as anything other than a sign of weakness which would allow the further and more rapid spread of Soviet power?

Many of these same people suggest that our aid in the reconstruction program be handled through the United Nations. Without for a moment attempting to minimize the importance of the United Nations, I can only recall here that such a procedure would necessarily be foredoomed to failure, not only because of the inadequate machinery of the United Nations, but because of the existence of a veto which would unquestionably prevent any immediate or effective action. It is indeed tragic that, with our great hopes for the United Nations, we are required to admit that we must still deal with such a matter as this largely outside the machinery of the United Nations. It is encouraging, however, to note that this plan envisages the use of the United Nations machinery to every extent possible, and it is encouraging that there may well be a probability that, before the conclusion of this program, some large part can with confidence be turned over to the United Nations.

Another alternative suggested, Mr. President, is that we recall our interests to our own borders and extend only emergency relief. This proposal is based on a "live today for tomorrow we die" fatalism. It is useless, now, to dream of isolated nations, the existence of which science has denied.

There is now no sure defense against attack. The whole world is a prospective battlefield and all the people in it are potential participants. Whether we would win or lose another war, we could look forward to the destruction of lives and property in our own cities. To wait behind our own vulnerable walls and to attempt to prepare ourselves for any onslaught would not only require the expenditures of sums that would make this appropriation minute by comparison, but would be to admit that we feel so hopeless about the prospects of peace that we do not now wish to extend any effort to secure it. We would merely be buying a little time at a terrible price.

I do not believe, Mr. President, that appeasement will work today any better than it has in history. I do not believe, Mr. President, that the United Nations is now capable of handling this pressing need. I do not believe that there is salvation in denying the facts of a world we see. I do not believe that our people are ready to accept the inevitability of war before we have made every possible careful effort to prevent it. Mr. President, I do believe we have in this European recovery program, as constructively amended and changed by our committee, a real hope for world peace.

It has never been our American way to wait for success to crown idleness. Spending dollars will not save the world, but saving dollars that must be spent will not save America. America has grown great and strong through her positive and bold investments in production, and development, and security, both at home and abroad. America has not grown strong through investments never made, chances never taken, risks never faced, or responsibilities evaded. It was not timidity or penuriousness that made us what we are now, nor will timidity or penuriousness lead us on to what we can become. Peace requires the same,

or perhaps more careful planning, as does war. Peace is not a gift handed to those who only hope. Peace is the devoutly sought, and elusive reward for work, thought, generosity, determination, and sacrifice. Past history tells us that peace, though man's heartfelt wish, has never been a natural state.

Now that we have finally become capable of destroying ourselves, our will to survive demands that we make peace on earth.

There have been many arguments pro and con concerning the sum involved in this plan. None of us here knows whether the sum proposed is the correct one to the last dollar. By that I mean none of us can be certain that this sum, or any sum, will or can be, effectively used.

Mr. President, I was very much impressed by the statement of the Senator from Michigan [Mr. VANDENBERG] that this sum was at least entitled to a presumption of dependability "until more competent authority, competently proves otherwise." I must say in all frankness, Mr. President, that I have yet to hear a more competent authority competently prove otherwise. Rather than run the risk of reducing this amount only for the sake of reduction, it seems to me we are all obligated to first provide equal study and equal proof in support of another sum. To support, now an unsupported substitute figure would reflect largely a desire to overplay the undeniably pleasant and popular role of watchdog for the public purse, but may, in fact, be a disservice to both the cause of peace and the cause of economy.

We have heard many comparisons between the cost of this program and the cost of various other normal Government activities. I do not know how one can compare the cost of the effort for peace with the cost of any other service. To base one's objection on the ground that local real-estate taxes or poll taxes or any other taxes are less than the probable cost of this program, is like saying my house cost me so much that I cannot afford to consider insurance, or taxes to support a fire department, or anything else that might help to preserve my investment.

But since these questions have been brought up, let us make some comparisons. The European recovery program involves an estimated average expense over the next 4 years of about \$32 per capita per annum. By comparison, the recent war cost Americans nearly \$700 per capita per annum and our first two postwar years of unplanned foreign doles cost about \$91 per capita per annum.

From another point of view, Federal taxes collected on liquor, tobacco, and items covered by the retail excise tax, amounted to over \$30 per annum per capita last year—almost exactly the average annual per capita cost of the European recovery program. During that year, Americans spent on the average about \$60 for liquor and nearly \$20 for tobacco. These two items alone cost the average American more than double what the proposed European recovery plan would cost.

I quote these figures simply as a matter of interest since I believe, Mr. Presi-

dent, that there can be no reasonable comparison between the cost of peace and the cost of any other item. We can only compare the cost of peace with the cost of war because they are the only comparables. The anticipated expense for the next war, if there has to be one, would not be a pleasant bill to contemplate.

In this consideration of the cost of the European recovery plan, I do not mean to intimate for one moment that this plan guarantees a bargain-basement peace. I am still not at the point, Mr. President, where I can regard \$5,300,000,000 lightly as simply 5.3. Nor am I under any illusion that the expenditure of that sum, or any other sum, can buy peace. Far more important is the question how that sum is to be used. If an intelligent expenditure of that amount gives us any better hope for peace than we now have, I say the investment is a good one which will have the support of the American people.

If this European recovery plan fails, Mr. President, we who shall vote for it are responsible, and I personally am prepared to take that responsibility since I have seen nor heard no better alternative. By the same token, those who would weaken or defeat this plan must be prepared to be responsible for the consequences of that inaction. The responsibility in either case is an extremely grave one.

We have now an opportunity, won for us by those who won this war so there could be peace. It is a costly opportunity in terms of money, but one that has in it the hope of saving us from the sure folly of far greater expenditures in lives and money.

I am not under the illusion, Mr. President, that the plan will work out as ideally as it appears on paper, but it holds most encouraging possibilities.

First, it is encouraging to know that the nations of western Europe have finally come to the point of cooperation among themselves for a mutual good. That, in itself, is tremendously significant.

Second, I believe the very fact that we have before us, for the first time, a specific, clear policy, is indeed encouraging. We have finally forsaken the policy of scattering doles across the world.

Third, we have come finally to the conclusion that peace does not come from inaction and that peace must be worked for and must be built. In many ways that is more difficult than winning a war, because there is not the feeling of urgency, the total cooperation, or the willingness to sacrifice. Yet, the goal is no less devoutly sought.

Another encouraging facet of this program is the inherent understanding that there is today being practiced a new and vicious type of aggression. Until the beginning of World War II, we were familiar with only military aggression. We pledged ourselves to stop that type of aggression which is now an old-fashioned way of gaining power. The new and much cheaper way of accomplishing the same purpose is through political aggression.

In the plan now before us, Mr. President, I believe we have finally come to appreciate not only that political aggression is just as final in its outcome as military aggression, but that there are ways and means of coping with it. Parenthetically, I might say that I hope in our deliberations in the United Nations we also assign a new definition to aggression. Unfortunately, some of our people are still of the opinion that military aggression is the only type that needs to be stopped. Military aggression has stopped itself because a cheaper, easier, more modern way has been found and it is that method with which the plan now before us, Mr. President, seeks to deal.

Because we know that political slavery and economic chaos breed war, we are here seeking to use a part of our wealth to recreate freedom and prosperity and so prevent the loss of all our wealth and peace besides. It has long been an American belief that the freedom which democracy guarantees can make the world safe for peace. We cannot afford, in our own selfish interest, to stand idly by while an ideology that threatens the freedom of men engulfs weakened nations by this new form of aggression. We cannot ignore an opportunity to preserve our own security.

This European recovery plan is a practical example in action of the American doctrine of preserving peace through freedom and economic stability. Its purpose is to inspire confidence and respect and to strengthen the bonds of common understanding. We strive to inspire good will in the world by giving off good will ourselves. This is one method of meeting the new subtle type of aggression.

In our deliberations here objections to the proposals contained in the report of the Committee on Foreign Relations are contained in two general questions: First, will this plan work; and second, will it be an undue or unwarranted strain on our own economy?

To the first, none of us can answer "Yes," but as representatives of our people having the obligation of looking after and protecting their interests, we can only say, Mr. President, that this plan appears to have the best possibilities of maintaining the peace, of stopping the advancement of dangerous ideologies by helping to rebuild sound and free governments in western Europe. I have seen or heard of no other plan which is the result of anywhere near the amount of objective thought devoted to this one, nor which has any comparable chance for success. I might say further, Mr. President, that whether or not this plan or any plan succeeds in Europe depends not so much on what we say here, as it does on what we do there.

So far as the second question is concerned, as to whether or not it will be an undue strain on our economy, again we must say we cannot be certain. But if we choose to do nothing, or if the plan does not receive the support it needs to make it work, we can be entirely sure that our economy and our very security will be far more seriously threatened. We have the careful, thoughtful, testimony of competent leaders—both in the

Government and outside—who have taken every precaution to make sure that our own economy is protected, and until we have more expert authority to the contrary, it is that evidence on which I believe we are required to depend.

Mr. President, we represent in this body 140,000,000 American people who are deeply concerned about the course we shall follow in the search for peace. We bear the responsibility of the 140,000,000 Americans who are not here in this Chamber to consider what might be the most important decision in their lives. We have, fortunately, a wider opportunity for knowledge on which to base our judgment because it is our privilege and our duty to have such knowledge. We have likewise an infinitely wider responsibility. We are here, representing the people who will pay the cost of any plan we shall advocate, and we are here representing the hopes and the prayers of our worried people who are seeking a reasonable way to security.

We cannot unhold our responsibilities and our obligation to our people by turning down or weakening any plan which has in it some real hope for peace unless we provide a better way. We are living in a hurrying age. We know that other methods have failed before—we have no time to fail again. It is my sincere hope that we will not only support fully this carefully developed plan, but that we will insist on the close supervision of it to help make its success assured.

I sincerely hope, Mr. President, that those who honestly oppose the plan will vote against it rather than weaken it to the point that its chance of success will be materially lessened or destroyed. I say that because many of us feel that here is a concrete plan that has in it a real hope for peace if put into operation immediately and wholly. There is a point at which crippling amendments or reductions in the amount of aid would so seriously damage the worth of the plan as to make it questionable whether we should proceed at all. I believe, from the exhaustive evidence presented, that that point has been substantially located by the Committee on Foreign Relations and that any other hasty amendments now can only serve the purpose of so weakening the project as to make the wisdom of our expenditures open to doubt.

This proposal, Mr. President, has been considered for many months. In the absence of comparably detailed proof to the contrary, we are now in as good a position as we ever will be to enact the measure.

The congressional committee established in the bill is specifically charged with making a "continuous study" of the plan and should provide an excellent opportunity to develop—by experience—real and sound improvements. It is for that reason, Mr. President, that I urge a vote on the pending bill at the earliest possible moment, and I earnestly suggest to those who oppose it in its present form that they turn their considerable energies and talents toward improving it at the earliest possible time through the committee provided for in the bill.

We are here as representatives of a people worried and concerned about the future of this Nation's relations with the rest of the world. I must confess, Mr. President, that while I am not pleased with the prospect of appropriating the huge amounts we are considering, and while I am convinced that in the treacherous and difficult problem of building the peace, this plan offers no absolute "money back" guarantee, there is not before us any other studied alternative that shows promise of being less costly to our people in money or more promising of success.

I shall vote for the measure, Mr. President, under no illusions. I sincerely believe that through this plan we have the opportunity of building a peaceful world, though the chance of building such an idyllic world is never great. I shall, however, Mr. President, vote for the bill, secure in the knowledge that we have taken a positive step toward peace instead of negatively insisting that there is no way. One who takes the latter position is taking upon himself a greater responsibility and reflecting a costlier pessimism than I am willing to share.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. BALL. Mr. President, I wish to submit an amendment which will take but a short time to discuss. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	O'Connor
Baldwin	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Barkley	Hickenlooper	Overton
Brewster	Hill	Pepper
Bricker	Hoey	Reed
Bridges	Holland	Revercomb
Brooks	Ives	Robertson, Va.
Buck	Jenner	Robertson, Wyo.
Butler	Johnson, Colo.	Russell
Byrd	Johnston, S. C.	Saltonstall
Cain	Kem	Smith
Capehart	Kilgore	Sparkman
Capper	Knowland	Stennis
Chavez	Langer	Stewart
Connally	Lodge	Taft
Cooper	Lucas	Taylor
Cordon	McCarran	Thomas, Okla.
Downey	McClellan	Thomas, Utah
Dworschak	McFarland	Thye
Eastland	McGrath	Tobey
Eaton	McKellar	Umstead
Ellender	Magnuson	Vandenberg
Ferguson	Maybank	Watkins
Flanders	Millikin	Wherry
George	Moore	Wiley
Green	Murray	Williams
Gurney	Myers	Wilson

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Eighty-four Senators having answered to their names, a quorum is present.

The Senator from Minnesota has the floor.

Mr. BALL. Mr. President, I call up the amendment offered by the Senator from Nebraska [Mr. WHERRY] and myself, lettered "D," and ask that it be read.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 21, after line 18, it is proposed to insert a new subsection, as follows:

(d) (1) Of the funds authorized under this act no greater amount shall be expended

for the furnishing or making available to participating countries of food, medical supplies, processed and unprocessed materials for clothing, fuel, pesticides, and other relief supplies or assistance than the amount specified in the aggregate for such purpose in the acts making such appropriations.

(2) None of the funds authorized or made available under this act (other than amounts specified pursuant to paragraph (1)) shall be available for extending assistance to any participating country except in accordance with specific projects submitted to and approved by the Administrator pursuant to section 15 (b) (1). Notwithstanding the provisions of paragraph (1), any of the funds authorized or made available by this act may be used for the furnishing or making available to a participating country of food, medical supplies, processed and unprocessed materials for clothing, fuel, or pesticides if (A) such articles are allocated to a specific project submitted to and approved by the Administrator under section 15 (b) (1), and (B) the Administrator determines that such allocation is necessary to the successful carrying out of such project.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota for himself and the Senator from Nebraska [Mr. WHERRY].

Mr. BALL. Mr. President, I realize the many other obligations which Members of the Senate have, but I agree with the Senator from Michigan [Mr. VANDENBERG] and the Senator from Connecticut [Mr. BALDWIN], who just spoke, that the issue now before the Senate is probably by all odds the most important and most far-reaching one which will be considered at the present session of Congress. Perhaps a majority of the Members of the Senate have already made up their minds on all the issues which will be presented in the various amendments, and I realize they have committee meetings and other obligations. But I think it is unfortunate that when we are considering an issue of this importance it is virtually impossible to keep more than a dozen or 20 Senators on the floor of the Senate to hear the discussion in regard to what the bill means and what the specific amendments which are proposed mean. It is difficult for me to understand how Senators can vote intelligently on these issues without hearing at least some of the discussion.

It is my purpose to discuss this amendment very briefly, and then to have the Senate proceed to vote as soon as possible.

Mr. President, the amendment which is pending has two purposes. The first is to separate relief funds and economic-recovery funds, and to specifically authorize the Congress and the Appropriations Committees and the bills making the appropriations authorized by this proposed act to make a separate appropriation for relief purposes—in other words, for the food, fuel, pesticides, fertilizer, and urgent medical supplies necessary to sustain the economies of the recipient countries at a minimum level—and then to make a separate appropriation earmarked for economic-recovery purposes.

The second purpose would be to channel the funds which are earmarked for economic-recovery purposes into specific projects or programs approved by the

Administrator and submitted by the recipient countries and designed to increase the vital production of the recipient countries.

Mr. President, it seems to me that if this aid program is to turn out in its operation to be any different from the aid programs in which we have participated in the past 2½ years to the total of \$16,000,000,000 or \$17,000,000,000, the surest way to assure that result is deliberately to separate the relief funds from the economic-recovery funds appropriated under this program. I think most of us here feel that the relief and rehabilitation programs of aid through grants, loans, and so forth, in the past have not achieved their objective of stimulating recovery, but in most instances have turned out to be merely a goal, with the recipient country very little better off after receiving the aid than it was before receiving it.

One sure way to make certain that at least some of the funds appropriated pursuant to the authorization here proposed will actually go into products that are designed to increase production and really bring about economic recovery in the recipient country is to see to it that the funds are allocated pursuant to specific projects for that purpose, as submitted to and approved by the United States Administrator as likely to achieve those objectives. In that way we shall make certain that at least some portion of this aid program will actually flow into recovery projects.

Mr. President, in using the words "specific projects," which appear elsewhere in the bill as it now stands, the sponsors of the pending amendment do not mean to apply a very restrictive meaning to the word "project"; in other words, to tie it down to a specific proposal relating to a single company or plant or producer. What we are thinking of are projects aimed at bringing up the level of production, industry by industry.

All the reports from Europe indicate that there are four vital bottlenecks which are slowing them down and which set the pace for recovery. Those four bottlenecks are in coal, steel, transportation facilities, and food production. It is our hope—and I think the idea is spelled out elsewhere in the proposed act—that the Administrator will seek specific projects aimed at breaking the bottlenecks by increasing production; for instance, in the Ruhr Valley and in the bizone or trizone of Germany, where a large proportion of the coal of western Europe is produced, and where at present there is not sufficient coal produced to operate even a minimum economy, let alone to stimulate recovery. We are shipping millions of tons of coal from the United States, necessitating a long ocean haul.

A project to stimulate increased production of coal in the Ruhr Valley might involve first increasing the food rations of the men employed to mine the coal. The food ration in Germany at present is the same for all people. It is, I think, around 1,700 or 1,800 calories a day. I do not think anyone believes that a man can mine coal and do heavy work of that kind on 1,800 calories a day. The first

objective, possibly on an incentive basis, would be to increase food rations as the coal production increases. It might be necessary to provide other goods, such as clothing, blankets, furniture, and things of that kind, to offer incentives to miners to increase their own efforts. Finally, there might be a need of additional mine machinery, perhaps supplies of timber, and steel products; but the whole thing would be an integrated-project program to increase coal production in the Ruhr by a certain percentage within a specified time. The Administrator would approve the project; funds with which to buy the commodities allocated to it would come out of funds appropriated by the Congress under subsection 2 of the amendment, and as I understand he would have authority under bilateral agreements to follow through and see that the commodities and services we furnished actually went into the approved projects.

Subsection 1 relates to relief supplies. Subsection 2, on page 2 of the amendment, provides that where a specific project calls for so-called relief type goods, additional supplies of food or clothing or even tobacco for incentive purposes to bring about increased production, may be included under the recovery project.

I think, Mr. President, that is the entire picture of the amendment and its purposes. As I understand the pending plan, something along this line is what is contemplated. I submit that it is not clear in the bill, and that under the bill as it now stands we could go right on in effect underwriting a trade deficit, with no assurance whatever that any of the supplies we furnished would actually find their way into projects which would build economic recovery in Europe by increasing their own production. The whole aid measure, as I understand it, would provide only 5 percent of the total consumption of the recipient countries. They must provide the other 95 percent, and they must also build up their production in order to close the 5 percent gap, if the program is to stand a chance of success and be anything more than another dole.

Mr. VANDENBERG. Mr. President, I comment very briefly on the statement made by my able friend from Minnesota. I comment first on the latter part of his statement. As I understand the second section of the amendment, the chief difference between his approach and the approach of the bill as reported is that in the amendment submitted by the Senator, on behalf of himself and the Senator from Nebraska, it is required that all recovery aid be channeled into what he calls specific projects. That is the only point at which the authors and sponsors of the bill completely disagree with the amendment and find it unacceptable. So far as the general objective is concerned I think it is already spelled out in the bill itself, according to the precise aspiration that my able friend from Minnesota has indicated. Every time I refer to the amendment it is to be understood that I am referring to the amendment proposed by the Senator from Minnesota [Mr. BALL] for himself and for the Senator from Nebraska [Mr. WHERRY].

The general functions of the Administrator described in line 8 include language in the nature of a directive to formulate the programs of the United States assistance under the act, including approval of specific objects which have been submitted to him by the participating countries. Turning then to page 28, commencing in line 19, among the requirements of bilateral and multilateral undertakings, there is found the following language:

And submitting for the approval of the Administrator * * * specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this act, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food.

I may say parenthetically at that point that my friends from Minnesota and Nebraska will remember that in the first conference we had in my office regarding the bill as it came down from the State Department, requests were submitted to me by the group in respect to this general subject. I am sure the Senator from Minnesota will gladly concede that the bill as rewritten is a substantial improvement in the direction which he indicates over the original bill, because it recognizes specific projects as essential. It underscores specific projects as being peculiarly and particularly desirable.

Then, to meet the viewpoint of the Senator from Illinois, projects for increased production of coal, steel, transportation facilities, and food were specifically identified. The Senator will recall the source of that suggestion. So I think that my able friends who are sponsoring the amendment should not feel that their interests and their efforts in this behalf have been in vain, because I respectfully submit that the bill already goes just as far as it is practicable to go in the direction that the amendment proposes.

The only point at which we unavoidably disagree is that the amendment will require that all recovery shall be channeled through specific projects. I respectfully submit that is completely impossible. For instance, suppose the economy of X country shows a deficit of 5,000 tons of brass. That deficit may cover 150 individual plants, or it may be a partial brass deficit in each plant. The brass which is necessary to balance the economy and permit the operation adequately to proceed loses its identity and is mingled with the brass which has been purchased by the available local resources of the individual plants to which a portion of the 5,000 tons is assigned. Using brass simply as an example, I do not see how we can identify each one of the 150 plants which are involved in the brass deficit. On the contrary, it is obviously a physical impossibility to do so. It seems to me we have collided with the fundamental purpose of the bill itself if we confine our recuperative aid simply to great, single, individual projects and not pour it into the mass economy of the Nation. From my point of view, it is impossible to pour it into the mass economy of the Nation by requiring that it be used exclusively in specific projects. Yet I want to repeat that the desirability of

specific projects is clearly underscored in the other sections of the bill which I have read.

So far as the first section of the amendment is concerned, in which an effort is made sharply and conclusively to divide relief and recuperation, I think, under the concept of the bill, that is a physical impossibility also. The Senator himself has referred to the fact that in the Ruhr, for instance, incentive food rations may be of the greatest possible utility by way of encouraging production. The Senator has written an exception in the second section to cover that particular circumstance. It is my observation, in dealing with a problem of this nature, that there are so many unanticipated contingencies that it is a dangerous thing to attempt to rely upon our genius in anticipating the particular exceptions which need to be identified under such circumstances. I respectfully submit to my friend from Minnesota that there are probably many cases as to which, if he knew about them—and they will inevitably develop—he would readily admit that if he had foreseen them he would have wanted to include them among the exceptions when he was attempting to discriminate between relief and recuperation.

For instance, cotton to cover the backs of the people would be for relief; cotton to permit continuation of industrial activity and to create exports would be for recuperation. As I see it, it is not in the cards to attempt to draw a hard and fast line between relief and recovery in the text of the bill.

Under the circumstances which I have indicated, I am sorry that I have to urge the Senate not to agree to the amendment.

Mr. BALL. Mr. President, will the Senator yield further?

Mr. VANDENBERG. Yes, indeed.

Mr. BALL. I discussed this question with the drafting counsel of the Senate, who was of the opinion that, even without these separations, if Congress actually wanted to do so and the Appropriations Committee saw fit, separate appropriations could be made for the relief type of case and the recovery type of case. Would the Senator agree with that statement?

Mr. VANDENBERG. That is a legal question upon which I would not want to pass. I recognize very wide and ominous jurisdiction in the Appropriations Committee, however.

Mr. BALL. Mr. President, I merely want to say, briefly, that, much as I dislike to disagree with the distinguished Senator from Michigan, it seems to me that his own argument has made it very clear that unless Congress does become specific in the bill the whole plan and program of action under it will turn out to be largely or almost exclusively an underwriting by the United States of anticipated trade deficits of recipient countries.

Mr. VANDENBERG. I neglected to say one thing to the Senator by way of further demonstration of my anxiety to go just as far as possible in underscoring the objectives to which the Senator addresses himself. The Senator has another amendment, which is lettered C,

which proposes, on page 17, after line 2, to insert an additional category, reading as follows:

(6) the allocation of commodities or services to specific projects designed to carry out the purposes of this act, which have been submitted to the Administrator by participating countries and have been approved by him.

The Senator from Nebraska [Mr. WHERRY] also joins in that amendment. Mr. WHERRY. That is correct.

Mr. VANDENBERG. While the changes on page 2 of the amendment would not be acceptable, if the Senator wishes to insert the language I have just read as a further effort to identify the desirability of project planning, so far as the Senator from Michigan is concerned he would be very glad to accept that portion of the amendment.

Mr. BALL. I thank the Senator from Michigan. I am very happy to find some change which the Senator does not veto. I think it would help to emphasize my own feeling and that of the Senator from Nebraska [Mr. WHERRY] that the more assistance that can be channeled into specific projects the better chance we have of achieving the objective of economic recovery.

Mr. VANDENBERG. How would it be if we settle on the basis I have indicated?

Mr. BALL. I rather think, Mr. President—

Mr. WHERRY. If the Senator would take amendment D it would be better than to settle on the other.

Mr. BALL. Unfortunately the other amendment is not pending at the present time. I shall offer it when we dispose of the first amendment.

Mr. VANDENBERG. I withdraw my proposal for the moment.

Mr. BALL. Very well.

Mr. President, I desire to emphasize that, in view of our past experience with foreign-aid programs, it seems to me that unless Congress spells out very specifically what it intends, unless we get away from the concept of simply giving a blanket underwriting to the trade deficits of the recipient countries, our chances of achieving the objective of economic recovery are not too bright.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. BALL] for himself and the Senator from Nebraska [Mr. WHERRY].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BALL. Mr. President, on behalf of myself and the Senator from Nebraska [Mr. WHERRY], I offer our amendment lettered "C," modified by striking out all the matter appearing on page 2 of the amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 15, line 14, it is proposed to strike out "(5)" and insert "(6)", and on page 17, after line 2, insert the following:

(6) the allocation of commodities or services to specific projects designed to carry out the purposes of this act, which have been submitted to the Administrator by participating countries and have been approved by him.

Mr. VANDENBERG. Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	O'Connor
Baldwin	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Barkley	Hickenlooper	Overton
Brewster	Hill	Pepper
Bricker	Hoey	Reed
Bridges	Holland	Revercomb
Brooks	Ives	Robertson, Va.
Buck	Jenner	Robertson, Wyo.
Butler	Johnson, Colo.	Russell
Byrd	Johnston, S. C.	Saltinestall
Cain	Kem	Smith
Capehart	Kilgore	Sparkman
Capper	Knowland	Stennis
Chavez	Langer	Stewart
Connally	Lodge	Taft
Cooper	Lucas	Taylor
Cordon	McCarran	Thomas, Okla.
Downey	McClellan	Thomas, Utah
Dworshak	McFarland	Thye
Eastland	McGrath	Tobey
Eaton	McKellar	Umstead
Ellender	Magnuson	Vandenberg
Ferguson	Maybank	Watkins
Flanders	Millikin	Wherry
George	Moore	Wiley
Green	Murray	Williams
Gurney	Myers	Wilson

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

INVESTIGATION OF SOCIAL-SECURITY PROGRAM—INCREASE IN LIMIT OF EXPENDITURES

Mr. BROOKS. Mr. President, before I offer an amendment to the pending bill and ask for its consideration I desire to report favorably two resolutions, and ask for their present consideration. In order that I may do so, I ask unanimous consent that the unfinished business be temporarily laid aside. The resolutions are routine, were unanimously approved by the Rules Committee, and I believe there will be no controversy about them.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. BROOKS. Mr. President, from the Committee on Rules and Administration, I ask unanimous consent to report favorably, without amendment, Senate Resolution 202, and I request its immediate consideration.

There being no objection, the resolution (S. Res. 202), submitted by Mr. MILLIKIN on February 20, 1948, and referred to the Committee on Finance, was considered and agreed to, as follows:

Resolved, That the limit of expenditures authorized under Senate Resolution 141, Eightieth Congress, agreed to July 23, 1947 (authorizing an investigation by the Committee on Finance of old-age and survivors' insurance and other aspects of the social-security program), is hereby increased by \$25,000.

ADDITIONAL EXPENDITURES BY COMMITTEE ON APPROPRIATIONS

Mr. BROOKS. Mr. President, from the Committee on Rules and Administration, I ask unanimous consent to report favorably, without amendment,

Senate Resolution 201, and I request its immediate consideration.

There being no objection, the resolution (S. Res. 201), submitted by Mr. BRIDGES on February 17, 1948, was considered and agreed to, as follows:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eightieth Congress, \$10,000 in addition to the amounts, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946, and S. Res. 130, agreed to June 26, 1947.

EXTENSION OF AUTHORITY OF SPECIAL COMMITTEE TO STUDY PROBLEMS OF AMERICAN SMALL BUSINESS ENTERPRISES

Mr. BROOKS. Mr. President, from the Committee on Rules and Administration, I ask unanimous consent to report favorably, without amendment, Senate Resolution 191, and I submit a report (No. 982) thereon. I request that the resolution be placed on the calendar. The resolution was unanimously ordered reported by the committee.

The PRESIDING OFFICER. Without objection, the report will be received, and the resolution will be placed on the calendar.

Mr. WHERRY. Mr. President, is it the Senator's intention to ask immediate consideration of the resolution?

Mr. BROOKS. I shall be glad to ask immediate consideration for it.

Mr. President, I ask immediate consideration of the resolution.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The resolution (S. Res. 191) was read, as follows:

Resolved, That the authority conferred by Senate Resolution 20, Eightieth Congress, agreed to January 24, 1947 (creating a Special Committee To Study the Problems of American Small Business Enterprises) and continued by Senate Resolution 153, Eightieth Congress, agreed to July 26, 1947, is hereby continued until the expiration of the Eightieth Congress.

Such committee is hereby authorized to expend from the contingent fund of the Senate \$50,000, in addition to the amounts heretofore authorized for the same purposes.

The PRESIDING OFFICER (Mr. LODGE in the chair). Is there objection to the present consideration of the resolution?

Mr. McCARRAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WHERRY. Mr. President, may the calling of the roll be suspended for a moment, so that I may propound a question?

Is it anticipated that there will be objection to consideration of the resolution? I do not wish to force immediate consideration of the resolution if there is to be any objection.

Mr. McCARRAN. I think there should be objection until a greater number of Senators can be present and we can know what it is all about. I propose to object to that extent.

Mr. WHERRY. I shall be glad to ask that the resolution go to the calendar if it is anticipated that there will be any objection.

Mr. McCARRAN. It should go to the calendar.

The PRESIDING OFFICER. Does the Senator from Nevada ask that further proceedings under the quorum call be dispensed with?

Mr. McCARRAN. I shall be glad to do so if the resolution goes to the calendar.

Mr. WHERRY. Mr. President, I ask that the resolution go to the calendar and come up in its regular turn.

Mr. McCARRAN. Then I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. The resolution will go to the calendar.

Without objection, further proceedings under the quorum call are dispensed with.

EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 2202) to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world.

Mr. BROOKS. Mr. President, on behalf of the Senator from Nebraska [Mr. WHERRY], the Senator from Kansas [Mr. REED], the Senator from Maine [Mr. BREWSTER], the Senator from Minnesota [Mr. BALL], the Senator from Washington [Mr. CAIN], the Senator from Wyoming [Mr. ROBERTSON], the Senator from Idaho [Mr. DWORSHAK], the Senator from New Jersey [Mr. HAWKES], the Senator from Nebraska [Mr. BUTLER], the Senator from Nevada [Mr. MALONE], the Senator from Montana [Mr. ECTON], the Senator from Utah [Mr. WATKINS], and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois on behalf of himself and other Senators will be stated.

The CHIEF CLERK. On page 11, beginning with line 8, it is proposed to strike out down through and including line 5 on page 12, and insert in lieu thereof the following:

UNITED STATES SPECIAL REPRESENTATIVE ABROAD

SEC. 8. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the title of Agent General for Economic Cooperation. He shall be the chief representative of the Administrator to any organization of participating countries which may be established by the participating countries to further a joint program for European recovery, coordinate the activities of the Special Economic Cooperation Administration missions provided for in section 9 of this act, and shall discharge in Europe such additional responsibilities as may be assigned to him by the Administrator with the approval of the President in furtherance of the purposes of this act. He may also be designated as the United

States representative on the Economic Commission for Europe. As Agent General of the Administrator, he shall keep the chiefs of the United States diplomatic missions currently informed concerning his activities.

Mr. BROOKS. Mr. President, the purpose of this amendment is to give force and effect to the desire of a great many people to have the provision for recovery in Europe placed in the hands of the Administrator and his representative.

There is great confusion about the Marshall plan. It is mixed up with strategic effort. It is mixed up with charity contributions. It is mixed up with economic loans; and now we are going to confuse it that much more by placing in Europe a special, over-all individual who will carry the rank of Ambassador Extraordinary and Plenipotentiary. The emphasis is to be on that individual.

A great many of us have a desire to help in the recovery of Europe; but, in my judgment, the recovery can be brought about only by the intelligent administration of this latest program by persons who have individual initiative, and are skilled in matters pertaining to production in agriculture, in labor, and in industry. If we create the office of Administrator, and create economic missions abroad, all under the diplomatic missions abroad, and then place over the entire program a new character with the supertitle and responsibility and authority of special ambassador, in my judgment we shall nullify all the effect of creating a business administration.

Much has been said in the press and on the floor of the Senate to the effect that now we are to have a business administrator, and that he must be a man of the highest type, with the highest qualifications and understandings. There has been written into the bill the purpose to create that kind of official; but with one section we superimpose a special ambassador over him. The situation is further confused, and no one will know what part of the program is to be devoted to the strategic effort, the political activity, the charity, or the business recovery which the recipient nations need.

There are some who feel that it is necessary to have stable governments in order to have a stable economy. In my judgment, that process must be reversed. We must have a stable economy, or a stable government cannot exist. A stable government cannot rest on an unsound foundation.

In the past too much emphasis has been placed on special representatives who have not been attuned to the necessity for business management in Europe. We have given lip service to the development of production of food, steel, coal, and transportation; but over the entire program we place a political figure. We have given emphasis to the trade-union movement and the council of governments, with a political head. My judgment is that unless we have the business brains of the Nation behind the coordination of agriculture and labor, this effort will be merely another political move, and we shall not get the result through diplomacy that we can get through hardpan of production. The

minds of the men who produce in this country must be brought to bear on the problem, because we must drain the resources of the Nation. If we are to operate this kind of a program, it must be maintained by business ingenuity.

My thought is that we might at least once try to have a business management in the recovery program; and for that reason I offer the amendment.

Mr. VANDENBERG. Mr. President, there is very little difference between the Senator from Illinois and the Senator from Michigan in respect to most of the things which he has said, and most of the things to which he addresses his amendment. However, I am sorry to say that the difference, though relatively small, is pretty important. Let me make a brief statement to the Senate.

Perhaps I should preface my statement by once more underscoring the fact that I agree with everything the Senator from Illinois has said about the necessity for preserving maximum economic autonomy for the economic administrator under this act. I think I can prove by the text of the bill that the Senator from Michigan is rendering something more than lip service to that ideal—to use the words of the Senator from Illinois—because every possible effort has been made to emphasize the necessity for the economic autonomy of the Administrator.

The difficulty with which the Senator from Illinois and I collide at this moment is the fact that, in spite of all the emphasis upon the indispensable economic independence of the Administrator, despite that economic necessity, there is another contact inevitably involved in this enterprise if we are to hope to succeed with it, namely, the creation of a new governmental coordination in Europe, which is not a matter of economics at the top, even though it is at the bottom. Therefore the top representative abroad must not only be economically sufficient unto the occasion, but he must also be in a position to deal at the top level with the heads of government in the 16 CEEC nations if we are successfully to pursue our desire to create constantly expanding contacts between them, and to create, so far as possible, what Mr. Bevin has called a Western Union or something comparable.

In evolving those contacts, Mr. President, it is absolutely necessary that this top representative abroad should have maximum diplomatic status for the exercise of that particular function. He must be an ambassador in rank, on a par with every other diplomatic representative with whom he must deal. He cannot enter the top-level government of France, for instance, to discuss a customs union successfully, if all that he is called is simply agent general of the Administrator."

Mr. BALL. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BALL. Is the Senator telling us that the top-level government officials in the countries which are to receive hundreds of millions of dollars of assistance under this act would refuse to talk to the American representative who had some-

thing to say about how that money should be spent and how the aid should be given, simply because of a question of title?

Mr. VANDENBERG. Certainly not, and I am sure the Senator from Minnesota knows that I mean nothing of the sort. But there is such a thing as protocol in the world. Much as we may dislike it, there is such a thing. I think it requires no evidence to demonstrate that when a diplomatic representative of the United States is engaged upon an important mission, he must have a protocol status comparable with the importance of his mission. Certainly he would have no protocol status whatever if he were simply to be called the agent general of the Administrator.

However, all that is superficial. There are two or three things in this amendment which are perfectly sound. The objective to which the Senator from Illinois addresses himself, aside from the first question to which I have adverted, I am quite willing to consent to. But, so far as the right of the President of the United States to speak to the heads of governments in the CEEC countries is concerned, so far as concerns the possibility of having the President speak adequately to the heads of other governments, in diplomatic contact, he is entitled to have what protocol always has required, still requires, and undoubtedly always will require, unless the whole world is sovietized, namely, an ambassador representing the President of the United States in that particular aspect.

The point I am trying to make is that that aspect of the job to be done by this representative is minor, in respect to the larger aspect which the Senator from Illinois emphasizes; and I am about to demonstrate that I think it is entirely possible still to permit this representative to meet, in terms of protocol, on a level with other high representatives of government in respect to these contacts involving governmental coordination. I think it is entirely possible to do that without changing the title; and I am sure the title will have no effect upon the net result, if I continue with my discussion to indicate the points on which I agree with the Senator from Illinois.

Mr. BROOKS. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Illinois.

Mr. BROOKS. I wish to ask whether the Senator feels that the President at this particular time has adequate agents, on the basis of protocol, to speak with other governments anywhere in the world, perhaps with the exception of Russia, on matters of cooperation.

Mr. VANDENBERG. I think when the bill puts all emphasis upon the coordination of the 16 governments—in customs unions and in evolutions of kindred sorts in other directions—if we mean what we say in respect to the importance of coordination between the 16 nations, we should do them the very elementary honor of creating an ambassador to them as a unit.

Mr. BROOKS. Mr. President—

Mr. VANDENBERG. I yield further to the Senator from Illinois.

Mr. BROOKS. I should like to point out that, although it is only in one section that this special ambassador is emphasized, according to what the Senator from Michigan has just now stated, that person is the over-all and all-important creation of this entire bill, for he will then represent and supersede the Administrator, the diplomatic ambassadors, the economic missions, and the Administrator here at home. He will be the highest protocol; and if my judgment is correct, he will have the most influence in this entire matter. Certainly, that puts it in the realm of protocol and out of the realm of business administration, in my judgment.

Mr. VANDENBERG. Mr. President, I happen to disagree totally with my able friend the Senator from Illinois. It certainly puts the ambassador, as the representative of the President of the United States, in diplomatic contacts, and in diplomatic contacts only, in a position of priority. Because of that fact and because he should not have a similar priority in respect to the operations of the all-important economic side of this enterprise, I am about to indicate to the Senator from Illinois, in clear proof, that I am quite willing, so far as I am concerned, to meet his objective.

His pending amendment has three objectives. The first is to change the title. I think we already have put entirely too much emphasis on the question of title. I wish to make it plain that although we feel that the title is essential, I would say that is one of the secondary purposes of the Senator's amendment.

The two principal purposes of the Senator's amendment—and I hope he will correct me if I am wrong—are, first, to make sure that this United States Special Representative is the Administrator's man. That is No. 1. No. 2 is to make sure that among his other tasks is that of coordinating the economic missions.

Am I correct?

Mr. BROOKS. Yes; that would be the purpose.

Mr. VANDENBERG. Let me show the Senator how, with my complete consent, he can do both of those things without any further controversy or debate. So far as the Senator from Michigan is concerned, on page 11, section 8, line 16, delete the words "the chief United States representative", and after the word "be" insert the following: "the representative of the Administrator, and shall also be the chief representative of the United States Government", so that the sentence will read:

There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate—

And so forth.

He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government.

Mr. President, I shall go a little further. On page 11, section 8, line 23, after the sentence indicating that he shall be the United States representative on the Economic Commission for Europe, the

Senator from Michigan is prepared to accept the following sentence:

He shall receive his instructions from the Administrator, and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 5 of this act.

Then, meeting the second objective:

He shall coordinate the activities of the chiefs of the special mission provided for in section 9 of this act.

The last sentence directly and unequivocally responds to the second objective of the Senator's amendment.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. VANDENBERG. Just a second, please, and then I shall be glad to yield. The first sentence equally clearly meets the situation, with the exception, if it is an exception, that it textually recognizes the possibility of a conflict between the Secretary of State and the Administrator, and again refers such a conflict to the President of the United States to be umpired. So far as the Senator from Michigan is concerned, I respectfully submit that I have demonstrated my agreement with the objectives of the proposal of the Senator in every aspect except the change in title.

Mr. WATKINS and Mr. CAIN addressed the Chair.

Mr. VANDENBERG. I yield first to the Senator from Utah.

Mr. WATKINS. What will be his relationship to the Secretary of State under the amendment suggested by the Senator from Michigan?

Mr. VANDENBERG. He is the representative of the Administrator under procedures—perhaps I had better read it literally—

agreed to between the Administrator and the Secretary of State, in order to assure appropriate coordination as provided.

In diplomatic matters he is the representative of the President, acting through the Secretary of State, I suppose, as his representative. In all matters in the first instance, however, he is under the orders of the Administrator, and if there is any clash between the two, the President decides.

Mr. WATKINS. May he receive any of his orders from the Secretary of State?

Mr. VANDENBERG. Only in agreement, as indicated, with the Administrator.

Mr. WATKINS. I wanted to be sure that we got the interpretation on that point by the chairman of the Senate Committee on Foreign Relations. In his principal capacity, then, he will be acting for the Administrator and not for the Secretary of State, will he not?

Mr. VANDENBERG. The Senator is correct.

Mr. WATKINS. On all matters of policy with relation to the program, he will be acting for the Administrator, not for the Secretary of State, will he not?

Mr. VANDENBERG. No, indeed. The Senator is now taking in all questions of policy involved. That is not true.

Mr. WATKINS. I wanted to get the extent to which he might go.

Mr. VANDENBERG. There are inevitable diplomatic relationships between the 16 countries to be encouraged and stimulated through the usual methods of contact between governments. That is not primarily the Administrator's business; that is primarily the business of the President, acting through his Department of State. But at all times the Administrator has the priority under the agreement which I have indicated.

Mr. WATKINS. He will outrank, then, the representatives we now have to the various 16 nations, will he not?

Mr. VANDENBERG. I do not know what his relative rank would be, so far as they are concerned.

Mr. WATKINS. Would there be any prospect or probability of conflict between him and them, in representing the State Department in the several nations?

Mr. VANDENBERG. I think not. I know of no reason why there should be, because his mission is very specific. It relates to the multilateral relationships, speaking now diplomatically, between the nations.

Mr. WATKINS. I thank the Senator.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Washington.

Mr. CAIN. As one of the cosponsors of the amendment, I think the Senator's first sentence in the proposal of the Senator from Michigan meets in major proportion the fear that some of us have had. It seems to tie up the administration of the program, both foreign and domestic, to one man. But if that is a correct contention, I wonder what the thinking of the Senator from Illinois is on the question of whether or not the second sentence proposed by the Senator from Michigan is in fact necessary. If the administrator abroad, whatever his title may be, receives his economic instructions from the Administrator in this country, why should it be necessary to say that, abroad, he shall coordinate the 16 economic missions? I am not clear in my own mind, and I should like to have a further exploration of that subject.

Mr. VANDENBERG. I agree with the Senator from Illinois; I think he should coordinate them.

Mr. CAIN. I agree that he should coordinate them, but the representative abroad is going to receive his instructions from the Administrator at home, and why therefore is it said in the second sentence what he shall do, when the Administrator in this country is going to tell him what to do?

Mr. BROOKS. The purpose of my amendment, I may say to the Senator from Washington, is to have a business representative on the other side, representing a business administrator on this side. With that in mind, I provided in my amendment that as a business administrator he should coordinate the economic missions in the various countries.

I thank the distinguished chairman of the Foreign Relations Committee for accepting certain of the principles of this amendment, but I still say that the super ambassador is going to be more involved with the political aspects than he is with

the cold business aspects, and that is the one thing we have lacked. We are not too brilliant politically anywhere in the world, as our present situation shows. If we are brilliant in anything it is in adhering to the private enterprise system, it is in adhering to a form of government that guarantees individual initiative. I should like to have brains of that type at the top of an organization that spends my money in Europe. I recognize what the distinguished chairman of the Foreign Relations Committee says, that it might be well to create a super ambassador to deal on the highest levels, but we are talking about recovery now, we are talking about a business administration; and I should like to have a real business administrator on the other side.

This is going to be a major operation, if it succeeds. It calls for the highest type of business administration, and if, with the money in his pocket, this super ambassador were sitting in a meeting, the gentlemen of protocol would search him out, and if they thought they were not going to get enough, they would use a lot of diplomatic language explaining why they were wasting our money. I should like to have this official devote his major attention to being the representative of a real administrator on this side in the effort to coordinate economic business organizations in those countries, and not have him serve as a super diplomat, because the two things simply do not go together. Eventually, the emphasis will be on the diplomatic side. I have no quarrel with the State Department's diplomacy, except to say that it has made a mess of things almost everywhere in the world at the present time, and I should like now to make sure that the people in the recipient nations will produce the things which are needed. I think a hard-headed businessman who is not tied to super protocol could talk a little plainer and say, "My responsibility is not diplomatic; my responsibility is to see that you put your people to work, that I do not spend America's money on subsidizing socialistic schemes, and that production is obtained. I have got to report back to America on what I am here for, not for diplomacy but to have a proper administration of funds." That is what I am striking at, and that is what I honestly and sincerely hope will come out of this program.

I say again, I think the chairman of the Foreign Relations Committee has very generously recognized that there is not sufficient emphasis on the Administrator. When we put one man in a dual capacity and give him the title for reasons of protocol, the emphasis is going to that end. We want to stress a point of view which has not been stressed heretofore in the expenditure of America's moneys across the face of the earth. I may say to my distinguished colleague from Washington that I would rather have an understudy undertake to bring about coordination rather than to have the coordinator do it if his emphasis is going to be on the political angle rather than on the business angle.

Mr. CAIN. Yet, the amendment recommended by the Senator from Michi-

gan recognizes, does it not, in major part, our objections to the bill as it now stands? If, however, it should result in a man's carrying a dual responsibility, it says, with reference to his economic responsibility, that it shall be tied up to our major concern, which is the Administrator in this country.

Mr. BROOKS. It does recognize it, and I thank the distinguished Senator from Michigan for recognizing it. But I say it does not go far enough. I have no objection to the President's sending anyone with any title which may be created, but I want to have some hold onto the money and not have it tied up on a diplomatic basis. They will not get down to hardpan in production and recognize the cold facts of efficiency if we are to have a supervisor wrapped up in the diplomatic relationship.

Mr. AIKEN. Mr. President, may I ask a question?

Mr. BROOKS. Certainly.

Mr. AIKEN. Does the Senator have any doubt that the whole matter is not to be in complete control of the State Department? Has he received an impression to that effect from reading the bill?

Mr. BROOKS. From the information which went out that we are to put emphasis on business administration—

Mr. AIKEN. It is provided that whenever the Secretary of State believes that any action on the part of the Administrator is inconsistent with the foreign policy, he shall consult with the Administrator, and if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision. Does the Senator know of a single case in which the State Department has had a dispute with any other agency of Government and has gone to the President, that the State Department has not been sustained? Does he know of a single instance?

Mr. BROOKS. I suspect that is true. I know of no such instance. But what I want to point out is that, if there be a difference of opinion, I should like to have somebody of top-level category over there representing the viewpoint of one side, and not have it all tied up in one superambassador.

Mr. AIKEN. Has the Senator any assurance that whoever may be appointed Administrator will not be very close to the State Department?

Mr. BROOKS. I have no assurance of it at all. We have not had much of the legislation we have enacted carried out in the spirit in which it was enacted. I have no idea that this will be much different, but I should like to emphasize the point and give them a chance to have a little different approach to the problem.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BROOKS. I yield.

Mr. TAFT. I think there is a substantial difference on the question of the role of the State Department. I would agree with the Senator from Vermont as to that. I think the great thing which has been done has been to take away from the State Department the administration of the relief program. I think the committee has done an extraordinary job. Regardless of the fact that the President may decide between

the State Department and the Administrator in favor of the State Department, or he may not so decide, at any rate the man who argues with him is on an equal basis with the Secretary of State. So I think it is a very substantial change and one which I think makes the bill infinitely more acceptable.

Coming to the amendment offered by the Senator from Illinois, I agree that if there is to be separation, let us separate them entirely. Why have one man in the middle of the proceeding owing allegiance both to the Secretary of State and to the Director? If the theory of separating it from the State Department is sound, then I think the Administrator should be separated from the State Department. I believe the Senator is absolutely on sound ground in that respect. I cannot see why the man should have to conduct diplomatic missions.

Mr. AIKEN. Is not the Senator aware of the fact that every day and for many days in the past the State Department has been receiving applications for employment on this mission? If the Senator has constituents who want to get jobs in the administration of the relief program, he has to send applications to the State Department for that purpose.

Mr. BROOKS. Is the State Department giving jobs?

Mr. VANDENBERG. An applicant does not receive any job when he goes there.

Mr. BROOKS. He does not get a job with the State Department?

Mr. VANDENBERG. He gets no job.

Mr. TAFT. I personally would have complete confidence that the Administrator would control the question of personnel. I think the bill makes it sufficiently clear that Congress wants to impose control through a joint committee. I think we can be sure that the man who may be appointed will in good faith establish an efficient administration. I do not have the fear which the Senator from Vermont has expressed. If we are to make the administration separate from the State Department, or adopt that course in principle, I cannot see the purpose of having the chief representative in Europe also taking orders as to some matters from the Secretary of State. It seems to me the Secretary of State can always send his own ambassador to handle diplomatic matters. I cannot understand why we should create the uncertainty which is now in the bill. I think the Senator's amendment is in accord with the whole theory of the Senate Foreign Relations Committee, and I hope that the Senate will accept the principle which the Senator has proposed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. BROOKS].

Mr. CAIN. Mr. President, will the Senator yield?

Mr. BROOKS. I yield to the Senator from Washington.

Mr. CAIN. I wonder, if there is to be an issue on this particular amendment, as to whether the title is sufficient for the doing of the job intended by the man who holds the office overseas. Some of us have not been overly impressed with the

title provided for the representative of America abroad. I am only raising the question in order to have it explored by the Senator from Illinois.

Mr. BROOKS. I undertook to make a change in the title purposely, having in mind the speed with which history is being written at the moment. If we correctly read the pleas which come from the other countries, it would seem that they will seek out any man, no matter what his title may be, if he holds the purse strings, the allocation, the direction, and the responsibility of providing them with aid. I was trying to keep away from diplomatic language in the title so far as I could. I repeat that I believe if we want our supplies and our money in Europe effectively used it is time to treat the subject on a different basis, so as to assure a continuity of business management. The other nations can make any appeals they want to through the traditional ambassadorial staff or to the Secretary of State. If there are any real differences between the Secretary of State and the Administrator, of course they must be settled by the President. We are not trying to change that situation. But I should like to have a realization on the part of Americans and Europeans as well that this is a new approach. We want work done; we want efficiency. We do not want our money to go to the subsidization of any socialistic scheme, but to the real recovery of Europe.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. BROOKS. I yield.

Mr. CAIN. I should very much like to ask a question of the distinguished Senator from Michigan if I may.

Mr. VANDENBERG. Certainly.

Mr. CAIN. If this amendment should prevail will it be, in the Senator's opinion, necessary for the President to create an office which bears the title described in section 8, on page 11?

Mr. VANDENBERG. That is merely a matter of personal judgment. In the view of the Senator from Michigan if we have the slightest reality of hope in CEEC, the 16 nations, which, at long last, are showing some signs of coordination, if we have the slightest desire to encourage them in the expansion of their coordination, if we want to deal with them effectively in encouraging their coordination, it will be necessary to create top level diplomatic representation, because their objective is entitled to it, or we should not be wasting 15 seconds on the proposed legislation.

Mr. ROBERTSON of Wyoming. Mr. President, I am interested in the last remark of the Senator from Washington in regard to the rank which this United States special representative abroad would hold under section 8 of the bill, which provides that he shall "have the rank of ambassador extraordinary and plenipotentiary." I wonder if the Senator from Michigan would agree to change that to "have the rank of agent general for economic cooperation."

Mr. VANDENBERG. It must be that the Senator has been absent from the Chamber.

Mr. ROBERTSON of Wyoming. I have been, I regret to say.

Mr. VANDENBERG. For about an hour I have been trying to indicate that under no circumstances could I possibly agree to such a suggestion.

Mr. ROBERTSON of Wyoming. Mr. President, I feel that the very name "ambassador extraordinary and plenipotentiary" places the man directly in the State Department, and under the authority of the Secretary of State.

Mr. VANDENBERG. May I interrupt the Senator again?

Mr. ROBERTSON of Wyoming. Certainly.

Mr. VANDENBERG. Since the Senator was not present, he is not familiar, I assume, with the fact that I have offered two changes.

Mr. ROBERTSON of Wyoming. I have seen them.

Mr. VANDENBERG. Very well.

Mr. ROBERTSON of Wyoming. I have them here.

Mr. VANDENBERG. I thought that might alter the statement the Senator is making.

Mr. ROBERTSON of Wyoming. It does. I did not know this amendment was being considered, and the hour I spent in my office was in preparing a speech on this very subject, which I have not got. I shall have to proceed without the speech.

Mr. VANDENBERG. Every cloud has a silver lining. [Laughter.]

Mr. ROBERTSON of Wyoming. Let me come back to the point of the ambassador extraordinary and plenipotentiary. Regardless of what we may do under the bill in this country, I feel that if we send a man abroad with the title "ambassador extraordinary and plenipotentiary," he will be known and will be recognized as an ambassador subject to the instructions and under the direction of our Secretary of State.

I had hoped that could be avoided. I have worked over the pending bill, and over the proposed relief to Europe, many days and many nights. I was one of three Republicans who voted against the emergency aid to Europe in the special session. I voted against the British loan. I voted against the Greek-Turkish loan. My principal reason for voting against those measures was that I felt that there was nothing in any of those bills which would assure that the money we were appropriating would be used for the purposes for which we appropriated it.

I feel that any time we place in the hands of the State Department any sums of money, or the authority to use any appropriations we make, the State Department will, in sending those funds abroad, or placing them in the hands of foreign countries in this country, naturally place them in the hands of the representatives of the secretaries of state of those countries. The secretaries of state of the various countries are the same as the Secretary of State of this country. They are political appointees of the administration in charge, and as such have the power, and probably in many cases the will, to use the funds for what their party or their administration may deem to be in the best interest of their respective countries.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBERTSON of Wyoming. I yield.

Mr. VANDENBERG. I am sure the Senator wants to be accurate in his statement.

Mr. ROBERTSON of Wyoming. I do, of course.

Mr. VANDENBERG. I do not know how it would be possible, under the terms of the bill, for any money to pass for either relief or recovery except on a contract approved by the Administrator. I think that is specific and categorical.

Mr. ROBERTSON of Wyoming. I thank the Senator for his statement. At the same time, I point out to the Senator that in my opinion our representative in Europe who is to be responsible for seeing that the moneys appropriated are used for the purposes for which we appropriate them should be able to contact the direct organizations which will utilize the money, rather than have to go through the State Department as an ambassador extraordinary.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. ROBERTSON of Wyoming. I yield.

Mr. WATKINS. Does the Senator think the person who will hold this position could not really serve two masters?

Mr. ROBERTSON of Wyoming. I have never known any one who could do that.

Mr. WATKINS. In the amendment suggested, would he not be attempting to serve both the Secretary of State, on diplomatic missions, and at the same time be the representative of the Administrator, with his principal duties in the field of business, and of carrying out the purposes of the act?

Mr. ROBERTSON of Wyoming. Did I understand the Senator to say according to the amendment?

Mr. WATKINS. The amendment suggested by the senior Senator from Michigan.

Mr. ROBERTSON of Wyoming. Definitely. I thought the Senator was referring to the amendment under consideration.

Mr. WATKINS. Under the amendment under consideration as the Senator from Illinois has proposed it, there would be a clear-cut distinction. The man would be acting only under the direction of the Administrator.

Mr. ROBERTSON of Wyoming. Yes.

Mr. WATKINS. He would not be acting in a dual capacity.

Mr. ROBERTSON of Wyoming. No.

Mr. WATKINS. The other amendment, the one suggested by the senior Senator from Michigan, would put him in a dual capacity. He would be a diplomat, and also the agent general of the Administrator.

Mr. ROBERTSON of Wyoming. That is correct.

Mr. WATKINS. That is what seems to me to be objectionable. He would be attempting to serve two masters. The line between the two would not be clearly defined, and in my judgment he would be spending a great deal of time running

back to the President of the United States to make a decision on what he was to do.

Mr. ROBERTSON of Wyoming. I thank the Senator. I further call his attention to the fact that in my opinion his dual capacity is not brought out until section 8 is reached, where he is called an Ambassador Extraordinary and Plenipotentiary.

Reading now for the RECORD, in section 4, page 5, line 12, it is provided:

The Administrator—

That is, the Administrator in the United States—

The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department.

He is then on the top level. I take that language to mean that the Administrator is on the same level with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, and the other secretaries in the Cabinet. Then it proceeds, in line 15:

Except as otherwise provided in this act, the administration of the provisions of this act is hereby vested in the Administrator and his functions shall be performed under the control of the President.

Let us see what his functions are. I read from page 8:

GENERAL FUNCTIONS OF ADMINISTRATOR

SEC. 5. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this act—

(1) review and appraise the requirements of participating countries for assistance under the terms of this act;

(2) formulate programs of United States assistance under this act, including approval of specific projects which have been submitted to him by the participating countries;

(3) provide for the efficient execution of any such programs as may be placed in operation; and—

I interject at that point that I take it the programs which would be placed in operation would be in one or the other of the 16 participating nations—

(4) terminate provision of assistance or take other remedial action as provided in section 17 of this act.

Those are the functions of the Administrator. Then the bill proceeds in line 16:

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other.

These two top-level men, one the Administrator and one the Secretary of State, according to the general functions of the Administrator, as set forth on page 8, "shall keep each other fully and currently informed on matters," and, of course, it is absolutely right that they should do so.

(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administra-

tor is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator—

That would be on the top level of a Cabinet secretary—

and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

Mr. President, I can see nothing in the bill, under the functions of the Administrator, or anywhere else, which justifies the Administrator's representative in the foreign countries of Europe being called ambassador extraordinary and plenipotentiary. I feel, Mr. President, that it is the one error of this clause, as proposed to be amended by the Senator from Michigan. I hope that he can see his way clear to satisfy some of us by merely altering that title. I can see no reason for the title. In fact, I can see every reason why the title should be changed to "Agent General for Economic Cooperation."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. Brooks].

Mr. BROOKS. Mr. President, I simply wish to close with a summary. I am sure the impression has been given, and I am sure the intention of the chairman of the Foreign Relations Committee was to see to it, that business genius and direction shall be employed to bring about the all-important objective to which the measure is dedicated. I am thoroughly convinced that to a great degree any effort on the part of the Administrator will be minimized if there be associated with him in his activity in Europe, even though it may be said that the associate gets his directions from the Administrator, one whose very title, one whose very status, is historically a part of the State Department. If we are going to do something new to try to improve the mistakes of yesterday, we ought to approach the situation very realistically. I have no thought in my mind that the President of this great country does not have the right, as Chief Executive, to have a representative of the highest order representing him in a foreign country. But we should strive to improve on our mistakes of yesterday, and, as all of us know, mistakes have been made. I think another mistake is about to be made by housing this great enterprise, which will run into billions and billions of dollars, under the canopy of the State Department.

In order to have any chance of intelligent operation abroad, the program should be under a business management, and our representative should have a business title. The program should be conducted in accordance with a plan which historically goes to the creative, inventive, and industrial genius of this land, not to diplomacy. We should try to attract to the high post of Administrator, not a diplomatic servant, but a man of the highest business or industrial efficiency and his coordinator, his representative, should be of the same type. The position should be set apart to attract that kind of a man. It should be dignified by giving recognition to the line of endeavor in which we excel. I

say again we have not shown ourselves thus far to be intelligent in diplomacy. We are brilliant and we are great in our productive capacity. That element of our genius ought to have full sway as we move into this program.

Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMITH. Mr. President, am I to understand that if the amendment offered by the Senator from Illinois, which is now pending, is defeated, the Senator from Michigan will offer the amendments providing the change he suggested?

The PRESIDING OFFICER. The parliamentary situation is that the Senator from Michigan can offer the amendments if he desires.

Mr. WHERRY. Mr. President, were the yeas and nays ordered on the amendment of the Senator from Illinois?

The PRESIDING OFFICER. The yeas and nays were ordered.

Mr. VANDENBERG. Mr. President, the Senator from Michigan is willing to respond to the Senator from New Jersey, that the amendments he speaks of will be offered even though they hardly seem to be deserved under the circumstances.

Mr. HICKENLOOPER. Mr. President, I wonder if the Senator from Michigan would give me some information on a matter respecting which he perhaps may be informed, that is, concerning the position of an ambassador. It runs in my mind that the exclusive right to make the appointment of ambassador lies with the President. Therefore, the ambassador very likely is the servant of the President, if we come down to technical details; not the servant of the State Department.

Mr. VANDENBERG. I think the Senator from Iowa is entirely correct.

Mr. HICKENLOOPER. I do not know whether the Senator from Michigan has discussed that matter before.

Mr. VANDENBERG. I have said so.

Mr. HICKENLOOPER. I am sorry I missed the Senator's statement. I thought, however, the differentiation should be made.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois for himself and other Senators, on page 11, beginning with line 8. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. GREEN. I announce that my colleague, the Senator from Rhode Island [Mr. McGRATH] is absent, presiding over a meeting of the Democratic National Committee. If present he would vote "nay."

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES] is detained on official committee business.

The Senator from South Dakota [Mr. BUSHFIELD], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Oklahoma [Mr. MOORE], and the Senator from Oregon [Mr. MORSE] are

necessarily absent. If present and voting, the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Oregon [Mr. MORSE] would vote "nay." If present and voting, the Senator from Nevada [Mr. MALONE] would vote "yea."

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate.

Mr. LUCAS. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from New Mexico [Mr. HATCH], the Senator from Washington [Mr. MAGNUSON], the Senator from Texas [Mr. O'DANIEL], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Connecticut [Mr. McMAHON] is absent on public business.

The Senator from Virginia [Mr. ROBERTSON] is absent on official business.

If present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from New Mexico [Mr. HATCH], the Senator from Washington [Mr. MAGNUSON], the Senator from Connecticut [Mr. McMAHON], the Senator from Virginia [Mr. ROBERTSON], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] would vote "nay."

The result was announced—yeas 25, nays 52, as follows:

YEAS—25

Alken	Chavez	Revercomb
Ball	Dworshak	Robertson, Wyo.
Brewster	Eaton	Russell
Bricker	Ferguson	Taft
Brooks	Hawkes	Watkins
Butler	Jenner	Wherry
Byrd	Kem	Williams
Cain	Langer	
Capehart	McClellan	

NAYS—52

Baldwin	Holland	Pepper
Barkley	Ives	Reed
Buck	Johnson, Colo.	Saltonstall
Capper	Johnston, S. C.	Smith
Connally	Kilgore	Sparkman
Cooper	Knowland	Stennis
Cordon	Lodge	Stewart
Downey	Lucas	Taylor
Eastland	McCarran	Thomas, Okla.
Ellender	McFarland	Thomas, Utah
Flanders	McKellar	Thye
George	Maybank	Tobey
Green	Millikin	Umstead
Gurney	Murray	Vandenberg
Hayden	Myers	Wiley
Hickenlooper	O'Connor	Wilson
Hill	O'Mahoney	
Hoey	Overton	

NOT VOTING—19

Bridges	McMahon	Robertson, Va.
Bushfield	Magnuson	Tydings
Donnell	Malone	Wagner
Fulbright	Martin	White
Hatch	Moore	Young
McCarthy	Morse	
McGrath	O'Daniel	

So the amendment of Mr. Brooks and other Senators was rejected.

Mr. VANDENBERG. Mr. President, pursuant to the statement I made during the debate regarding those portions of the rejected amendment as to which the proponents of the bill are in agreement, I am quite willing now to offer the two amendments which I indicated at that

time. I assume that they will not be controversial.

I therefore move that on page 11, in section 8, line 16, the words "chief United States representatives" be deleted, and that there be inserted the words "representative of the Administrator, and shall also be the chief representative of the United States Government." The net result will be to identify the Ambassador as the representative of the Administrator.

I offer that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, as a second amendment—and one of the same character, and again carrying out my promise to the Senate—I move the insertion of the following, on page 11, in section 8, line 23, after the word "Europe":

He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 5 of this act. He shall coordinate the activities of the Chiefs of Special Missions provided for in section 9 of this act.

The net effect of the amendment is, in case of collision between the Administrator and the Ambassador, to apply the rule which is followed elsewhere in the bill, namely, that in the case of such a collision, the President of the United States shall be the umpire.

Mr. CONNALLY. Mr. President, the proposed change does not exclude the President's instructions, does it?

Mr. VANDENBERG. Oh, no, indeed. I have made it clear from start to finish that the President is entitled to his own ambassadorial representative and must have him under the circumstances.

Mr. CONNALLY. And his instructions would override the instructions of the Administrator.

Mr. VANDENBERG. Or the instructions of anyone else.

Mr. CONNALLY. That is preserved in this amendment, is it?

Mr. VANDENBERG. That is correct.

Mr. WILSON. Mr. President, should not the Congress be advised in this matter?

Mr. VANDENBERG. There are several points in the bill where it is provided that the Congress is to be advised. In addition, we are creating what has come to be called the "watch-dog" committee, which is a joint committee of the House and Senate which will be entitled to all information of every character at all times.

Mr. WILSON. Mr. President, will the Senator further yield?

Mr. VANDENBERG. Certainly. However, if there is any controversy about this matter, I shall withdraw the amendment, because I wish to have the Senate proceed with the bill.

I yield to the Senator from Iowa.

Mr. WILSON. It occurs to me that the Congress of the United States, as well as the President and others, is entitled to information.

Mr. VANDENBERG. I quite agree with the Senator, and I think the bill provides for it from start to finish.

Mr. WILSON. If I were sure of that, my attitude would be different. But when we insert provisions such as the one the Senator from Michigan has just suggested, we have left out any reference to the legislative branch of the Government.

Mr. VANDENBERG. I call the Senator's attention to the fact that we are considering but one of the many agents of the institution. Certainly the Senator from Iowa does not wish to have all the agents report directly to the Congress.

Mr. WILSON. I quite agree with the Senator from Michigan; but the most important of the three branches of our Government is the legislative branch.

Mr. VANDENBERG. I agree to that.

Mr. WILSON. And the legislative branch should receive reports.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BROOKS. Mr. President, before I offer the next amendment, I should like to express my appreciation to the chairman of the Foreign Relations Committee for presenting these amendments. I think they may improve the bill.

Now I should like to call up the amendment designated with the numbers and letter "3-5-48-B." I offer it, and ask that it be stated. The amendment is offered for myself and various other Senators.

The PRESIDING OFFICER. The amendment will be stated.

The amendment proposed by Mr. BROOKS (for himself, Mr. WHERRY, Mr. REED, Mr. BREWSTER, Mr. CAIN, Mr. ROBERTSON of Wyoming, Mr. DWORSHAK, Mr. HAWKES, Mr. BUTLER, Mr. MALONE, Mr. ECTON, and Mr. WATKINS) was read, as follows:

On page 27, between lines 15 and 16, insert a new subsection as follows:

"(g) Not to exceed 3 percent of the total funds appropriated for the purposes of this act may be employed by the Administrator under such regulations as he shall impose to pay the ocean freight charges from a United States port to a designated port of entry of any of the participating countries, on relief packages conforming to specified size, weight, and contents, originating in the United States and consigned to some individual residing in one of the participating countries.

"All costs of any such relief package, including shipping costs, shall be paid by shipper from point of origin to United States port designated by Administrator.

"The Administrator shall consult with the Secretary of State with a view of having included in bilateral agreements, as authorized under section 15 (a) of this act, right of free entry of such relief packages as are certified as such under authority of the Administrator, into the territory of any participating country. Such bilateral agreements shall also provide for the payment out of sums of local currencies as are placed in a special deposit as provided in section 15 (b) (6) of this act, transportation cost at regular and usual rates, from port of entry of the particular participating country in which the said local currency deposit exists, to designated shipping point of consignee."

Mr. BROOKS. Mr. President, this amendment simply provides that not to exceed 3 percent of the funds—whatever funds shall be appropriated for this program—shall be set aside by the Administrator to help take care of the overseas-transportation cost of individual packages sent by individual citizens or organizations in the United States to individual citizens or organizations in Europe.

Since the close of the war, I have been informed, approximately 90,000,000 packages have been sent by individuals in the United States to individuals in Europe. The testimony given to us by General Clay was that nothing that has been provided has been so effective in creating good will for the United States, and in letting the people of Europe know that the aid comes from the United States and in encouraging them to believe in our system of government and to develop resistance to the miseries of communism, as the individual packages sent from this country to individuals in western Germany.

As a matter of fact, when General Clay wished to increase the coal production in the Ruhr, he went to the organization that is known as CARE, and had it provide for him 350,000 individual packages, which he purchased with public funds, to be used—and they were so used—as incentives to get the individual miners to produce additional amounts of coal. Knowing that they could take home those individual packages to their families, they did produce the additional coal required, and the goal which had been set was reached. General Clay said the only reason why they did not use more was that the CARE organization could not provide more.

I refer to that simply to show that, in his judgment, the individual package is the most effective way of reaching individuals and in letting them know that the aid comes from the United States, and in building good will for the United States.

So, by this amendment I am asking that only 3 percent of the funds be set aside so that the individual in the United States who wishes to contribute more than we are making him contribute when we pass this bill—and no doubt it will be passed—will have that much of the transportation charges paid by all the people of the United States, who will be taxed to pay the cost of this entire bill.

Therefore, I believe that 3 percent of the total funds should be set aside to carry a part of the cost of the transportation of individual packages in this way. That will mean that the individual in the United States will buy his own package under the rules and regulations specified by the Administrator, and will pay the postage to the coast, to a given point—just as we use given points for the transportation of packages to the Army during the war, and just as many institutions use given points in connection with making shipments—and then the Administrator will be responsible for transporting the package from our shore to the shore of the designated foreign country. Then, let their postal system pick it up and pay for it out of what in actuality are American funds, for in

those countries, when we give them supplies, including food, fuel, and fertilizer, they sell them. We give the supplies to their governments and they sell them to their people, taking the local currency. The bill provides for that money to be put into a blocked account, to be used ultimately for whatever purpose the two governments agree.

The amendment merely provides that the mailing cost beyond the port of entry in the foreign country shall be paid out of American money that has been transformed into European currency and held for joint purposes to be agreed upon. I understand the statement is made that there will be certain administrative difficulties. That contention is always advanced, but I wish somebody would explain to me what administrative difficulties there would be in operating a program such as I propose. There is no great difficulty in handling the packages. It is a thing that the postal service does every day. It means a few clerks to receive them, direct them, and adjust the accounts on the other side. It is American money, and under the amendment there would be deducted a part, not to exceed 3 percent, of what we take from all the people, and that amount would be used to transport goodwill packages sent by individuals in America to individuals in Europe, where the recipients cannot mistake that it is charity, that it is good will, and that we do want them to survive. In my judgment this is one of the most effective ways of doing what we at least hope the program will accomplish. I hope the amendment will be accepted.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. BROOKS. I yield to the Senator from North Dakota.

Mr. LANGER. Does the Senator know that this proposal has the enthusiastic support of former Secretary of War Patterson, and that he wrote a letter to the Post Office and Civil Service Committee advocating, not the withholding of 3 percent, but a lower rate of postage? In the month of October last year, 41,000,000 pounds of such mail was shipped to Germany alone, through the individual-package method.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. BROOKS. I yield to the Senator from West Virginia.

Mr. KILGORE. I wish to ask a question about the operation of the program. I note in the amendment that the appropriation is for the purpose of paying ocean-freight charges; the sender pays the postage to the nearest port in our country, and we pay the ocean-freight charges. What arrangement is to be made for delivery of the package in the foreign country?

Mr. BROOKS. The packages would be shipped from the port in our country to the foreign port of entry, where the Administrator would see that they were forwarded through the postal system of the particular country, without disrupting the postal system. The postage would be paid out of the blocked account that comes from goods given them

by America, sold to their people, and paid for in the local currency.

Mr. KILGORE. I thank the Senator for his explanation. That is what I wanted to have made clear. I wanted to know how the packages would be cared for abroad.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BROOKS. I yield to the Senator from Louisiana.

Mr. OVERTON. What, if any, obligations are imposed on the foreign governments to pay for postage on such packages?

Mr. BROOKS. I have provided in the amendment that the Administrator shall enter into agreements with the several countries to take care of that.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. BROOKS. I yield to the Senator from Oregon.

Mr. CORDON. Is it the Senator's purpose to limit the operation of the amendment to individual packages sent to individual persons, and to exclude packages which might be sent by a group, without the packages designating the individual shippers?

Mr. BROOKS. My immediate purpose was to see that individual packages went to individuals. It can be amended to permit organizations to send packages to be distributed. Another thing was omitted, to which the chairman of the Committee on Foreign Relations called my attention. It was that the amendment should contain a penalty provision to safeguard against smuggling. I thought the Senator was at least going to have that language considered by the committee. However, I submit the amendment now for discussion. I think there should be included language providing a penalty for violations in the way of placing in the packages anything not designated by the Administrator. If such an amendment is not suggested by someone else, I shall offer it myself.

Mr. VANDENBERG. Mr. President, this is another of those occasions when I am prepared to agree to language which I think fully accepts the objective to which the able Senator from Illinois addresses his amendment, even though we seem to find it impossible to do it in the precise form and to the extent that he indicates. I shall try very briefly to make the distinctions apparent.

Mr. BROOKS. Mr. President, may I ask the Senator to yield?

Mr. VANDENBERG. I yield.

Mr. BROOKS. In all fairness, I wish to say that I have not seen the language of the amendment up to this moment, and, therefore, I am not sure we can agree. If I were privileged to see the language the Senator is about to suggest, I might agree to it.

Mr. VANDENBERG. I did not mean to indicate that the Senator had agreed. I hoped he would agree.

Mr. BROOKS. I should like the Record to show that I do not disagree, provided I can see the provision to which I am asked to agree. I have not seen it. I shall be delighted to see what the distinguished chairman of the Committee on Foreign Relations suggests.

Mr. VANDENBERG. I am sure I was not indicating that the Senator had seen it. I confess very frankly to the Senator that I became very downhearted about submitting amendments to the Senator, after submitting the last two.

First, let me say to the able Senator from North Dakota that I do not think this is the process to which Mr. Patterson was referring in the endorsement which the Senator indicated. I also remind the Senator from North Dakota that he himself is the sponsor of a bill which is still pending in our committee. I asked the chairman of the subcommittee today to submit a report as soon as possible. It in my judgment is a far better answer to the general problem than any approach of this nature, because, as I recall, it has as its direct purpose the reduction of postal rates. I think the Senator may still hope for a report on the bill, one of these days.

Mr. President, there simply can be no doubt in the world about the justification for the statement made by the Senator from Illinois that the direct gift packages from the United States represent the finest missionary work that is done for the humane reputation of the great heart of the United States. I agree with him completely on that point. The trouble with his amendment is this: He has himself indicated one or two of the difficulties. First, I would say to the Senator from Oregon that the first lapse in the amendment is the failure to provide transportation—shall we say subsidies—for organized package charities. That is a particularly glaring omission, inasmuch as we provided in the interim aid bill, at the instance of the Senator from New Jersey, I think a figure of \$5,000,000, for transportation charges in connection with organized package gifts abroad. That is not in this amendment.

It will be in the suggestions which I shall presently offer.

Secondly, the amendment as drawn would apply this privilege and subsidy to all participating countries in CEEC. That includes a number of countries which are not to be on an aid basis, which are not even to be on a grant basis, but which are to be either on a strictly cash basis or on a strictly loan basis. I am sure we would not want to extend this privilege, which is in a sense a highly emphasized element of relief, and to make it available to countries which certainly are not on relief, such as Portugal, Switzerland, Ireland, Iceland, and so forth. They would be included, however, in the language of the amendment as offered by the Senator from Illinois.

Thirdly, Mr. President, the Senator's amendment provides the right of free entry for all of the relief packages when they arrive abroad. I think a very strong argument can be made for the right of free entry, but in a very careful examination of the subject, both at the Post Office Department and at the State Department, even I was impressed with the fact that there are almost insurmountable obstacles in the way in trying to get the right of free entry for a flood of innumerable packages, provided we undertake any sort of protection against smuggling. I have made a

very sincere effort, as the Senator from Illinois knows, and have spent 2 days trying to explore the subject. I have done so most sympathetically, and have come to the conclusion that it is not a feasible or practical thing to try to provide free entry for the packages.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I realize the difficulties which the Senator from Michigan has mentioned, but as a practical proposition, the peoples in Europe want free bacon, free butter, and free flour. Why should they not have free entry of the packages?

Mr. VANDENBERG. I have told the Senate what the difficulty is. It has nothing to do with the attitude of gratitude or otherwise on the part of the European peoples. It is purely a practical question of controlling the entry of commodities free as against the entry of commodities which should not enter.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CORDON. As I read the amendment offered by the distinguished Senator from Illinois, I do not understand that there is any requirement of free entry.

Mr. VANDENBERG. That is correct.

Mr. CORDON. It is a matter of discussion. If it were found that it could be done there might be an agreement.

Mr. VANDENBERG. In fact, it applies to the Senator's entire amendment. The amendment provides at the outset that a certain percentage of the total funds may be employed by the Administrator. The entire proposal is optional. I did not mean to indicate otherwise.

Does the Senator want to ask another question?

Mr. CORDON. The word "may" may be construed to mean "shall." I am inclined to believe it should be so construed to the extent that the funds are necessary for that purpose.

Mr. VANDENBERG. The fourth difficulty with the amendment in the form in which it is submitted by the Senator from Illinois, seems to the proponents of the bill to be the amount of 3 percent. Here, again, the wording is "not to exceed." Yet it is something of an identification. The amount involved, if it were anything like 3 percent of \$5,000,000,000, would be \$150,000,000. So far as we can find from the records, the total value of all of the exports of this character last year was approximately \$150,000,000. So far as I am advised, the transportation cost is approximately 10 percent of the total value. So it would seem that pegging the figure at that point rather exaggerates the expectation of the Congress in connection with what is expected of the Administrator.

Having made that statement, I indicate that the following language could be accepted:

In order to further the efficient use of the United States voluntary contributions for relief in participating countries receiving

assistance under this act in the form of grants—

I interrupt myself there to indicate that that is the point at which we define the countries which are eligible—

funds made available for the purposes of this act may be used—

Without any identification of a figure—funds made available for the purposes of this act may be used in the discretion of the Administrator, and under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies licensed for operation in Europe, or (2) of relief packages conforming to such specified size, weight, and contents as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this act in the form of grants, provided that such relief packages have been accepted for shipment by a licensed United States voluntary nonprofit relief agency.

I think I ought to stop at that point, but to show the extent to which I have tried, without too much success, to cooperate with my friend from Illinois, this further language appears in the suggestion which I am offering:

The Administrator may make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 15 of this act, for the purpose of defraying the transportation cost of such supplies and relief packages from that port of entry of such country to the designated shipping point of consignee.

I am prepared to offer this suggestion to be made a part of the bill, if the amendment submitted by the Senator from Illinois is either withdrawn or rejected.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment. I think it meets every purpose that my able friend from Illinois has in mind, except the right of free entry. It goes beyond what my able friend from Illinois had in mind, by covering the question of supplies handled by United States voluntary nonprofit relief agencies. I think they are the most important factor of all in the equation.

I now yield to the Senator from Oregon.

Mr. CORDON. I am very much interested in the offer indicated by the distinguished chairman of the Foreign Relations Committee. I would hope we might take his language insofar as it identifies the senders of packages, the recipients of the packages, and the countries in which the recipients reside. I should like to see that language used in lieu of the language in the amendment offered by the Senator from Illinois, down to line 9 on page 2, and that portion of the offered amendment to the effect that the Administrator may discuss with the several countries the matter of entry or the matter of the use of impounded funds for the payment of transportation charges, be eliminated, and the language used by the Senator from Illinois, be-

ginning with line 9 and continuing to line 20, be inserted.

My reason for taking that position is that I should like to have a mandate upon the Administrator that he attempt to obtain free entry. If it cannot be done, very well, but I should like to have the Congress direct him to attempt to do that.

As to the cost of sending the packages, inasmuch as the cost is paid for out of funds which will be impounded for some unknown length of time in the future, and inasmuch as the articles contained in the package are for the benefit of the people of the recipient country, I should like to see the requirement that the money be paid from those impounded funds which, as the Senator from Illinois has said, represent merely the changing of American dollars into the currency of the country in question.

Mr. CHAVEZ obtained the floor.

Mr. LANGER. Mr. President—

Mr. CHAVEZ. I was about to make a statement, and if the Senator from North Dakota is about to make a speech, of course, I do not care to yield.

Mr. LANGER. I wish to ask a question of the chairman of the committee.

Mr. CHAVEZ. I yield for that purpose.

Mr. LANGER. I wonder if the Senator could not modify the amendment in some way so as to include Germany and Austria.

Mr. VANDENBERG. It does include Austria, and does include the American zone in Germany. There is no way to take it beyond the jurisdiction of this group of 16 nations, plus western Germany.

Mr. CHAVEZ. Mr. President, I am in full agreement with the remarks of the Senator from Oregon. I cannot see that the Senator from Michigan made a convincing answer as to why the recipient countries should not be willing to give free entry for things which go to them without cost.

As I understand, the idea of the bill is to help the European countries in several ways to rehabilitate themselves, to take care of the poor, and to take care of people who are hungry, and that is a worthy objective. But if the Senate is justified in giving American taxpayers' dollars to buy food for people who are hungry, I cannot see any reason whatsoever why the recipient countries, which are receiving these things without cost to them, should not be willing at least to cooperate with the American public, the American taxpayer, the American citizen, who in his charity is willing to dig into his pocket to buy bacon, butter, eggs, and whatever else the recipients need to eat, and allow the goods to be received free of entry charge.

On the 15th of March the average citizen pays his taxes. It is expected that our citizens shall pay their proportionate share of taxes and then pay duty on the articles they send to individuals in foreign countries? I think that would be going a little too far.

I hope the suggestion made by the Senator from Oregon and the Senator from Illinois will be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. BROOKS]. [Putting the question.] The "noes" appear to have it—

Mr. WHERRY. I ask for a division.

The PRESIDING OFFICER. All those in favor of the amendment of the Senator from Illinois will rise and remain standing until counted. [Counting.] Those opposed to the amendment will rise. [Counting.] The result is a tie.

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered; the legislative clerk proceeded to call the roll, and Mr. BALDWIN voted in the affirmative when his name was called.

Mr. PEPPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PEPPER. I thought that when there was a tie vote the question failed.

The PRESIDING OFFICER. The Senator is correct.

Mr. WHERRY. Mr. President, the yeas and nays were ordered, and are we not now in process of taking the yeas and nays?

The PRESIDING OFFICER. The yeas and nays must proceed unless by unanimous consent they are halted.

The legislative clerk resumed calling the roll, and Mr. BALL voted in the affirmative when his name was called.

Mr. CORDON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CORDON. If the amendment now being voted on should be defeated, would it be in order, under the rules, to offer an amendment, for example, such as that indicated by the senior Senator from Michigan?

Mr. WILSON. Mr. President—

The PRESIDING OFFICER. In the opinion of the Chair, after the pending amendment is disposed of, any other amendment will be in order, if materially changed.

Mr. CORDON. Even though it is of the same general tenor?

Mr. WILSON. Mr. President, I make the point of order that in the progress of a roll call the question of the Senator from Oregon is out of order.

The PRESIDING OFFICER. The clerk will continue the call of the roll.

The legislative clerk resumed and concluded the calling of the roll.

Mr. GREEN. I announce that my colleague, the Senator from Rhode Island [Mr. McGRATH] is absent, presiding over a meeting of the Democratic National Committee, and if present would vote "nay."

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES] is detained on official committee business.

The Senator from South Dakota [Mr. BUSHFIELD], the Senator from Vermont [Mr. FLANDERS], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Oklahoma [Mr. MOORE], and the

Senator from Oregon [Mr. MORSE] are necessarily absent. If present and voting, the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Oregon [Mr. MORSE] would vote "nay." The Senator from Vermont [Mr. FLANDERS], and the Senator from Nevada [Mr. MALONE], if present and voting, would vote "yea."

The Senator from Missouri [Mr. DONNELL] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

The Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate.

Mr. LUCAS. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from California [Mr. DOWNEY], the Senator from New Mexico [Mr. HATCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Texas [Mr. O'DANIEL], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Connecticut [Mr. McMAHON] is absent on public business.

The Senator from Virginia [Mr. ROBERTSON] is absent on official business. If present he would vote "yea."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from New Mexico [Mr. HATCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Virginia [Mr. ROBERTSON], the Senator from Utah [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] would vote "nay."

The result was announced, yeas 34, nays 38, as follows:

YEAS—34

Baldwin	Dworshak	Overton
Ball	Ecton	Reed
Brewster	Hawkes	Revercomb
Bricker	Jenner	Robertson, Wyo.
Brooks	Johnson, Colo.	Stennis
Buck	Johnston, S. C.	Taft
Butler	Kem	Watkins
Byrd	Langer	Wherry
Cain	McClellan	Williams
Capehart	McFarland	Wilson
Chavez	Maybank	
Cooper	Millikin	

NAYS—38

Alken	Holland	Russell
Barkley	Ives	Saltonstall
Capper	Kilgore	Smith
Connally	Knowland	Sparkman
Cordon	Lodge	Stewart
Eastland	Lucas	Taylor
Ellender	McCarran	Thomas, Okla.
Ferguson	McKellar	Thye
George	Murray	Tobey
Green	Myers	Umstead
Gurney	O'Connor	Vandenberg
Hickenlooper	O'Mahoney	Wiley
Hoey	Pepper	

NOT VOTING—24

Bridges	Hill	Morse
Bushfield	McCarthy	O'Daniel
Donnell	McGrath	Robertson, Va.
Downey	McMahon	Thomas, Utah
Flanders	Magnuson	Tydings
Fulbright	Malone	Wagner
Hatch	Martin	White
Hayden	Moore	Young

So Mr. BROOKS' amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BROOKS. Mr. President, during the previous discussion the distinguished chairman of the Foreign Relations Committee submitted substitute language for the amendment I had offered. I understand that as soon as he confers further about the language it will be offered to the Senate as an amendment.

Mr. VANDENBERG. The Senator is correct.

Mr. BROOKS. Instead of calling up my amendment B and taking the time of the Senate, after having conferred with the distinguished chairman of the Foreign Relations Committee, I offer the following amendment in lieu thereof: On page 13, section 9 (b), line 8, after the word "mission", I propose to insert the following: "and the United States Special Representative in Europe."

Mr. VANDENBERG. Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

The amendment was agreed to.

Mr. COOPER. Mr. President, I offer an amendment which now lies on the table and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 9, between lines 5 and 6, it is proposed to insert the following new subsection:

(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer is inconsistent with the purposes and provisions of this act, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

Mr. COOPER. Mr. President, the amendment which I have submitted has two purposes. The first is procedural and is designed to avoid, as far as possible, any disagreement between the Administrator of the European recovery program and the delegate of the President's power to control exports. Under the provisions of Public Law 395, which became effective December 30, 1947, the power of the President to control exports was extended to February 28, 1949, and he was authorized to delegate his power. He did delegate his power, by Executive order, to the Secretary of Commerce. Under the delegation of authority, the Secretary of Commerce has power to determine whether or not a commodity

shall be exported, the volume in which it shall be exported, to designate the countries to which it may be exported, and to fix quantities for the designated countries. This power extends to the 16 countries participating in this program. It follows that he could deny or limit exports proposed by the Administrator.

I do not mean to say that the present Secretary of Commerce would arbitrarily use this power. We know of his interest in the success of the recovery program. Nevertheless, he is charged by law with the operation of the Export Control Act under policies declared in the act which are more extensive than the policy which underlies this program. It is his duty to take into consideration the entire foreign policy of our country, the maintenance of trade relations with other countries throughout the world, the needs of our occupied areas, the protection of the domestic economy, and it is entirely possible that there might be disagreements. My amendment seeks to avoid disagreement by providing that each shall confer with the other on matters which are pertinent to the duties of the other, and that in the event of a disagreement the matter shall be referred to the President for settlement. It is similar to the provision in section 5 (b) (2), which provides for conciliation of differences between the Secretary of State and the Administrator.

Before I close I should like to invite the attention of the Senate to one other subject. If this measure is as important as we say it is and believe it to be, export of commodities to the 16 participating countries and to other countries which give assistance should have priority in the export program.

A great many people believe that the shortages, high prices, and inflation under which we suffer have been caused in large degree by exports to war-devastated countries. Such is not the case, for these are not the greatest part of the exports which have been going to every section of the world. The most recent report of the Secretary of Commerce shows that of the total exports of critical commodities in 1947, only 30 percent of the steel-mill products, 8.9 percent of iron and steel scrap, 50.5 percent of solid fuels, 40 percent of liquid-petroleum products, and 60 percent of grains went to the war-devastated countries of western Europe. The remainder was scattered throughout the world.

It is necessary that the regular channels of trade to other countries be kept open, that provisions for occupied areas be made. But, if this program is as important as we say it is, priority should be given to exports to the 16 participating countries. It is my opinion that the diffusion of exports throughout the world, without priority, arises from a division of authority and failure to fit responsibility in the export-control program. The Department of Commerce controls industrial exports, the Department of Agriculture, food, and various committees wrestle with the problem. I do not believe that we will have any great success in the control of exports, in the protection of the domestic economy, and in giving priority to those areas which are most important to our policies,

until statutory provision is made for the appointment of an Administrator of Exports, to be confirmed by the Senate, who will consider the program as a whole. This amendment will not give priority to the needs of the 16 participating countries, but it will give the Administrator the opportunity to present his views at the earliest opportunity, to reach an early decision upon disagreement, and perhaps to that extent he will receive in practice, the priority which this program deserves.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER].

Mr. VANDENBERG. Mr. President, it is my understanding that the net effect of this amendment is simply to provide that the President shall be the umpire in disputes between the Secretary of Commerce and the Administrator regarding export problems. I think it is entirely appropriate, and I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER].

The amendment was agreed to.

Mr. BREWSTER. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Maine will be stated.

The CHIEF CLERK. On page 32, it is proposed to strike out line 21 and insert in lieu thereof the words "Other Duties of the Administrator."

On page 32, line 22, after "Sec. 16", it is proposed to insert "(a)."

On page 33, after line 4, it is proposed to insert:

(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

Mr. BREWSTER. Mr. President, this amendment proceeds on the assumption that we may perhaps have a period of peace. I think it is well to consider at least that possibility.

Second, it recognizes that in the report of the European committee it is estimated that more than \$2,000,000,000 would be spent in Europe in travel, and that that would be the greatest single contribution to placing Europe on a going basis. That is help which America may extend both in its own interest and in the interest of those countries. The Harriman committee estimated that this help would amount to more than \$3,000,000,000. So I think it may be well to make this gesture, at least, to instruct the Administrator to encourage one of the most productive means of recapturing some portion of our investment. I am sure that as time goes on it will come to be recognized as a very great contributing factor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine [Mr. BREWSTER].

Mr. VANDENBERG. Mr. President, I have no objection to the amendment.

The amendment was agreed to.

Mr. BREWSTER. Mr. President, I ask that at the conclusion of my remarks there be included a statement which I made before the Committee on Foreign Relations; also a more extended statement which I prepared at the suggestion of the Senator from Michigan, Chairman of the committee, but which, through inadvertence, was not incorporated in the record of the hearings.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BREWSTER TO COMMITTEE ON FOREIGN RELATIONS

I am submitting an amendment which directs the Administrator to facilitate and encourage the promotion of travel by United States citizens to and within the participating countries.

The great importance of the travel factor in the recovery of the participating countries is too little appreciated. The Technical Committee of these nations has calculated that travel by tourists will yield approximately \$2,011,000,000 within the next 4 years. I think that there will be very little disagreement with the opinion that this figure has been very conservatively estimated.

Tourist dollars are the most efficient currency. Eighty-five cents of every dollar spent by an American tourist remains behind since it is spent on services and visits to historic monuments and cultural institutions, which by their very nature cannot be depleted and of which European countries have a great abundance.

One of the chief problems in Europe is the shortage of goods, from which stems a shortage of dollars. Therefore, the encouragement of travel better than any other method, will make it possible for the countries participating in the ECA to increase their stocks of efficient currency without at the same time depleting their stocks of commodities.

The Department of Commerce estimates that on the basis of a national income of approximately \$180,000,000,000, \$645,000,000 will be carried into the western Europe and Mediterranean areas by American tourists annually. This figure is larger than the estimate made by the participating nations.

The Department has based its estimates upon the travel pattern in the years before the war. It does not take into consideration such factors as the GI's interest in returning to visit the friends he made when he was in this area during the war nor the time saving factor which the airplane brings into this situation.

The Bureau of Labor Statistics advises that 86 percent of all persons engaged in American industry enjoy paid vacations. These studies disclose that 56 percent receive 8 days to 2 weeks annually, that only approximately 5 percent are eligible for paid vacations in excess of 2 weeks. With such limited time in which to enjoy a holiday very few of these people could in the past hope to go abroad. Now, however, it is possible for them to board a plane in the afternoon of one day and arrive in London the next morning, giving them virtually their entire holiday overseas. With encouragement and an effort on the part of Government to eliminate travel barriers, the \$2,011,000,000 which the participating countries expect can be expanded into \$4,000,000,000 or more. That is by no means a minor consideration in the problem which we are at this time considering.

Travel should be encouraged because of its social effect.

Charles Lamb wisely said: "Do not introduce me to that man because I could no

longer hate him." That comment points up very well the effect of becoming acquainted. Anything we can do to encourage an interchange of visits between our people and the people of the participating nations would be wonderfully effective in laying a sound foundation for future peace and good will on the earth.

FEBRUARY 7, 1948.

HON. ARTHUR H. VANDENBERG,
Chairman, Senate Foreign Relations
Committee, Washington, D. C.

MY DEAR SENATOR: Confirming our conversation, I am happy to amplify our discussion for the record of your committee on the significance of travel in the European recovery program.

Very little has been said in the discussions before your committee on this point, although the general report of the Committee of European Economic Cooperation states: "Tourism is one of the invisible exports upon which participating countries will increasingly rely as a means of balancing their accounts with the rest of the world. In this field," says the report, "as in that of trade, the relaxation of restrictions would be of assistance toward the main objective."

The tourist industry in England and on the Continent feels that the CEEC did not go nearly far enough in stressing the significance of travel, because, as they point out, the travel industry is one of the most important industries in those countries and should be one of the very first to receive recovery aid.

The world today and its member nations, including the United States, are faced with two major and crucial issues: Developing a healthy interlocking economy, and maintaining the peace, the former being the direct objective of the Marshall plan and the latter being the indirect. Encouragement of travel by these nations, and especially by the United States, I am convinced, will contribute toward the attainment of both objectives. Travel by Americans in foreign countries will help deliver to them a continuous diet of dollars, of which there is a dangerous deficiency. It will also establish a mutual appreciation of cultural and scientific contributions, from which will stem a better understanding with the resultant strengthening of ties which makes for continued peace.

If it is true that dollars and mutual understanding will tend to produce a fair solution to the problems of this postwar world, then travel will do much to help bring about that solution. While your committee has freed itself from considering a definite sum of money to be spent, the fact is recognized that whether that sum is going to be five or twenty-five billion dollars, the expenditure of large sums will be necessary. Travel can supply a substantial portion of that sum, thus releasing much of the pressure upon the United States Treasury and taxpayers. Every dollar spent by an American tourist is a dollar saved to the American taxpayer. Furthermore, every dollar spent by our travelers is a dollar spent for insurance on our investment in their recovery and a powerful factor in hastening full rehabilitation.

It is coming to be recognized that the expenditure for travel is the most efficient way to deliver dollars to countries in need of them. Tourists take very little in actual goods out of the countries they visit, leaving a very large percentage of their money behind, most of it spent on services and visits to historical monuments and institutions which by their nature cannot be depleted and of which foreign countries have an abundance. Lord Hacking of the British Travel Association says that 85 percent of the tourist dollar spent in Britain stays there to benefit their general economy.

If it were not for the fact that the participating countries are short of goods, short to the extent that their own immediate needs cannot be satisfied, the problem of acquiring

and accumulating dollar reserves would not be so severe. They would merely draw upon their surplus manufactures for export for which they would be paid in dollars. The problem, therefore, is a shortage of goods, from which stems a shortage of efficient currency. Travel better than any other means will make it possible for those countries to increase their dollar stocks without at the same time depleting their already meager stocks of goods.

As chairman of a Subcommittee on Travel holding hearings last spring on a resolution to study means for eliminating or relaxing barriers to foreign travel, strong evidence was introduced showing the necessity for broadening our national perspective and making it easy for our citizens to travel to other countries. Spokesmen from Government, air lines, steamship companies, the Pan American Union, and others urged the importance of the travel industry in international economy. Now the Marshall plan comes along to emphasize the necessity for and the problem of getting dollars into Europe. Travel has always been an important factor in international trade. Before the war Americans took with them hundreds of millions of dollars to foreign countries.

Statistical studies by the Department of Commerce show that approximately \$8,000,000,000 were spent on foreign travel by Americans over the 20-year period 1919-39, an annual average of \$400,000,000. In a single year, 1929, almost \$700,000,000 was so spent. Our national income for 1929 was \$87,400,000,000.

The special significance of these figures is that they establish foreign travel, an invisible import, as larger than any single imported commodity. The sum spent on travel was almost twice as large as that spent for sugar—the largest import during the 1919-39 period, and considerably more than twice as large as the amount spent for any other items. Travel, therefore, is a vitally important item in our international balance of payments and deserves greater attention than it has had in the past—more particularly because it is the item capable of almost unlimited expansion.

The Secretary of Commerce, testifying on Senate Resolution 111 in June 1947, estimated that on a national income of between \$150,000,000,000 to \$200,000,000,000 the travel item would become \$1,200,000,000 to \$1,600,000,000.

These estimates are admittedly very conservative. They are based on the pattern which existed before the war and do not account for the GI interest in returning to visit friends he made during the war, nor the technological developments in air transportation.

Assuming our national income should double, it is certain that travel expenditures by Americans would more than double for our tourists would purchase many more things overseas, due to shortages at home. Such purchasing has a definite anti-inflationary effect.

I think the time-saving factor which air travel affords will tremendously expand the overseas movement of American tourists. Now a man who has only a 2-week vacation can reach London or Paris overnight and spend his entire holiday in Europe.

At a conference in Brussels during an aerial survey of conditions in Europe last November and December there was every evidence of an awakening on the part of the British, the French, the Swiss, the Norwegians, and the Swedes, to the importance of the tourist dollar. This awakening was also confirmed in discussions with officials of the British Tourist Association. The British, in particular, are extending themselves to provide accommodations for tourists this summer.

Mr. Ernest W. Wimble, General Manager of the British Workers Travel Association, tells me that arrangements will be made

this summer to extend the same accommodations to United States tourists as are available to British workers which provide tours to every corner of the British Isles for \$50 a week, including transportation, bed, and board. With the recent devaluation of the franc, France promises to attract many an American this summer.

Transportation, however, seems likely to be a considerable stumbling block to a wholesale tourist movement of Americans to Europe this summer. The facilities of the American merchant marine are far below those available before the war. We have in fact only two first-class vessels plying the North Atlantic capable of carrying important numbers, the U. S. Lines' *America* and the *Washington*. These two boats carry a total of 2,157 passengers on a sailing. The American Export Lines operate a vessel on the North Atlantic which accommodates 504 passengers. Thus, the total capacity on United States merchant marine vessels for North Atlantic crossings is only 2,661 persons a round trip. Assuming 10 crossings during the season, they will care for only 26,610 persons.

Our merchant marine has fallen into a sad state and unless it gets considerable aid may well find itself gradually getting worse. In 1939, 31 American shipping companies operated 127 passenger vessels with gross tonnage of 980,000 capable of accommodating 38,000 passengers. Today only 14 American companies are in operation with 50 passenger vessels of 401,000 gross tons and passenger capacity of 13,703 persons.

The Maritime Commission is planning the operation of 10 vessels of the Army transport type this summer, but their capacity is only 600 persons per ship on a crossing. These boats are operated by agency companies (U. S. Lines to north Europe and American Export Lines to the Mediterranean) under the supervision of the State Department. Cost of round-trip passage to London ranges from \$234 for males who use troop quarters type accommodations to \$350 for women housed in staterooms and dormitories 6 to 24 in a room.

A survey of the potentials for 1948 indicates that approximately 375,000 persons can be accommodated this year by combined United States- and foreign-flag lines against a demand of 450,000. Many Americans who have the means and the desire to travel to Europe feel that their presence in countries where people are suffering from food and other shortages would only aggravate an already bad situation. The facts, however, in this respect are somewhat anomalous in that the dollars they spend in those countries enable them readily to replace the food and to purchase many other items badly needed to produce the things they in turn can sell. Actually the amount of exchange created by tourists is immense in relation to the significant part of the total food supply they will consume.

Air transport promises a brighter prospect and except for the high rates our scheduled carriers are obliged to charge for an Atlantic crossing under the ICAO agreements, tremendous impetus would be given this year to demand for flights to Europe. Trends have been observed by people in the travel industry indicating that luxury travel will cling to the steamship while the economy minded will go by air.

The statisticians in the Office of Business Economics in the Department of Commerce have broken down the over-all estimates of \$1,200,000,000 to \$1,600,000,000 for foreign travel on a national income of 150 to 200 billion dollars. Taking \$180,000,000,000 as the assumed national income, they estimate \$645,000,000 will be spent in Europe and the Mediterranean.

These calculations again are based on the travel pattern as we knew it before the war, and in my judgment greatly underestimate

the volume of tourist traffic, once transportation facilities are adequate. The time-saving factor in air travel and the virtual certainty that rates of fare will be greatly reduced in the near future convince me that we may safely raise the Commerce Department's estimates of tourist travel to Europe and the Mediterranean to at least a billion dollars.

Thus, in the 4-year period which the proponents of the Marshall plan regard as the time required to rehabilitate the 16 participating nations, travel potentially could contribute four billion directly into the economies of those nations if the necessary steps are taken to encourage it, i. e., (1) elimination of barriers, (2) development of transport facilities, (3) lowering costs, and (4) full cooperation by the beneficiary nations. And those dollars will immediately reach into the grass roots of the economies of those countries, thus generating greater business confidence there than any other kind of dollar could do. The investment we make, therefore, in their recovery by direct grants and loans will be greatly protected and all will be the happier.

The fundamental thesis of the whole program is to help Europe help itself. Nothing could possibly render greater aid on this basis than to help stimulate a large tourist movement into Europe and the Mediterranean. By encouraging a vigorous tourist movement to the Marshall plan countries we make it possible for them to earn the dollars they need so desperately, and on a thoroughly self-respecting basis.

To that end, it is to be hoped that the importance of travel will be recognized in all appropriate ways, both in the legislation on, and the administration of, the European recovery program.

Cordially yours,

OWEN BREWSTER,
United States Senator.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WHERRY. Mr. President, I shall be perfectly willing to yield to any Senator who would like to have the floor at this time for any purpose. Otherwise, this apparently concludes all the amendments which can be considered today. There are about four or five amendments which will be ready for consideration tomorrow. The Senator from Connecticut [Mr. McMAHON] was compelled to be absent today because of the funeral of the Governor of Connecticut. He will be present tomorrow.

One or two amendments are being drafted, having to do with the procurement of commodities for transportation overseas. Those amendments are not yet ready for consideration.

There are three or four amendments involving off-shore purchases and reduction of amounts, which will be ready for consideration tomorrow.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. PEPPER. May I address an inquiry to the Senator from Michigan before we take a recess? Will the Senator be good enough to tell me what is the present status of our contribution to the International Children's Relief Fund?

Mr. VANDENBERG. Mr. President, I think the Senator from New Jersey [Mr. SMITH] can respond to that inquiry more accurately than I can, inasmuch as he handled that portion of the legislation.

Mr. SMITH. Mr. President, as I understand, we are still trying to raise our participating share in the \$50,000,000 fund originally contemplated. We are to raise a certain part, and the other nations a certain part.

Mr. PEPPER. I should like to ask two questions: First, what is the total which has been appropriated by all who are to take part in the contribution? Second, how much have we contributed, and how much are we presently committed to contribute?

Mr. SMITH. I cannot give the exact figures, but the total appropriation was \$50,000,000 for this year, as I understand.

Mr. PEPPER. Is that our contribution?

Mr. SMITH. No; that is the entire amount of the International Children's Relief Fund, under the United Nations. Our share was approximately 50 percent, or, roughly, \$25,000,000, of which I think we have contributed about \$15,000,000. We will pay the remainder when the other participating countries have come in. I am speaking from memory, after a conference which I attended a few days ago in an effort to get things straightened out in my own mind.

Mr. PEPPER. Was that for the fiscal year 1948?

Mr. SMITH. That was for the fiscal year. An attempt is now being made to have the legislation continued, but with a figure of \$100,000,000 for the next fiscal year. That is the latest information which I have received. It is not official.

Mr. PEPPER. Does the \$100,000,000 represent the contribution of all countries participating? Is that the total fund?

Mr. SMITH. That is my understanding—on a matching basis.

Mr. PEPPER. Can the Senator tell me what our proportion of the \$100,000,000 will be?

Mr. SMITH. The percentages are the same as they have been in the past. Our share will be approximately 50 percent. I cannot say exactly. I shall be glad to obtain the information for the Senator, because I know those who are dealing with this question. I am simply giving from memory what I have been told recently.

Mr. SALTONSTALL. Mr. President, may I ask the acting majority leader the plans with relation to a Saturday session—whether that is a reasonable certainty, or whether it is still in the air?

Mr. WHERRY. It is reasonably certain if it meets with the approval of the Senate. If the pending legislation is not concluded in the night session tomorrow night there will be a Saturday session. Our intention is to go straight through, taking up the amendments and voting them up or down, with the hope of concluding consideration of the bill as soon as possible. If the bill is not concluded on Friday night, as announced earlier in the week, there will be a Saturday session.

We have a very full day planned for tomorrow. Depending upon the debate and the number of amendments which are offered, it is our intention, if it meets

with the approval of the Senate, to continue tomorrow and tomorrow night, and Saturday if necessary.

Mr. BALL. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. BALL. I think it might be wise to serve notice on the Senate also that since we plan to finish with ERP this week, I propose to try to take up Reorganization Plan No. 1 on Monday. I think we can agree on a limitation of debate to about 4 hours, or perhaps less, on that measure.

Mr. WHERRY. My understanding is that an agreement has already been made. A motion to proceed to the consideration of Reorganization Plan No. 1 would be a privileged motion. There was some question as to whether it would be taken up on Monday. I am glad that the Senator has made the announcement.

Mr. BALL. I thank the Senator.

RECESS

Mr. WHERRY. Mr. President, there is no object in keeping the Senate in session any longer today, and I now move that the Senate take a recess until tomorrow at noon.

The motion was agreed to; and (at 6 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Friday, March 12, 1948, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 11, 1948

The House met at 11 o'clock a. m.

Dr. Ewart H. Wyle, First Christian Church, Tyler, Tex., offered the following prayer:

Almighty God, Father of all mankind, we come to Thee because we acknowledge our weakness and our sense of need. The responsibilities which we carry are beyond the strength of human shoulders. But Thou hast a strength sufficient for our every need.

We are Thy children, often confused by the complications of a trying hour, often blinded by our own little desires. Forgive us, we beseech Thee, our many mistakes, both of omission and commission.

Thou hast created heaven and earth. Thou hast made order in a universe so complex that our little minds cannot conceive of its greatness. Thou hast made the mind of man that has achieved incredible things in these days. So often we rely upon these creations of our own hands and forget that Thou hast graciously shared Thyself with us through the medium of great accomplishments.

For those whom the people of this free land have honored with positions of trust, especially the Members of this House of Representatives, we pray this day. Give to them the wisdom and the courage to measure up to their responsibilities to their God and to their fellow men.

Grant us a sense of Thine own greatness and nearness, that from the complex offerings of life we may be big enough to choose the highest and the best.

Make us grateful in deed as well as word for the sacrifices of brave men, who not only conceived this, our Nation, in liberty, but, when called upon, laid down their lives that freedom and justice might live.

Give to us a sense of humbleness as we face our place among the nations. May our leadership be more than that of material possessions and accumulations of power. May we seek to share Thy graciousness to these United States among the peoples of the world. Make us not only statesmen of a mighty nation, but make us statesmen of a kingdom of fraternity and human welfare that shall hasten the day when men shall dwell together in peace and security. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent that in the remarks I hope to make in the Committee of the Whole today I may include certain excerpts and tables.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TWYMAN asked and was given permission to extend his remarks in the RECORD and include extraneous material.

COMMITTEE ON PUBLIC LANDS

Mr. WELCH. Mr. Speaker, I ask unanimous consent that the Committee on Public Lands be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ESTABLISHMENT OF A FOREIGN-TRADE ZONE AT THE CITY OF SAN FRANCISCO

Mr. WELCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a speech I made yesterday.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, yesterday Secretary of Commerce Harriman, acting in his capacity as Chairman of the Foreign-Trade Zones Board, formally signed the charter granting to the port of San Francisco a foreign-trade zone. I was present on this great occasion and include the following remarks made by me at this important event which marks another advanced step in our Nation's foreign trade:

Gentlemen, I am glad to be present on this important occasion authorizing the establishment of a foreign-trade zone in the great international seaport city of San Francisco. I have been deeply interested in this matter for many years. I was chairman of the Committee on Foreign Trade Zones in San Francisco prior to coming to Congress 22 years ago, and I introduced one of the first bills in Congress on this subject.

These zones, which are extraterritorial in character, necessitate that the greatest possible care be exercised in their location and management. The act permits the establishment of these zones at or adjacent to ports of entry and places their administration under a Federal board consisting of the Secretaries of Commerce, Treasury, and War, with the Secretary of Commerce as chairman.

I desire at this time to express my appreciation to the Federal Board for making possible a foreign-trade zone in San Francisco, to the board of State harbor commissioners in that city for its splendid cooperation, also to the San Francisco Chamber of Commerce for its untiring efforts, and to other bodies that have assisted in presenting the facts required by the Federal Board which is authorized under the law to issue charters for foreign-trade zones. This is the third zone authorized under the law and the first on the Pacific coast. This zone, like other foreign-trade zones, will be a means of promoting trade and commerce of the United States and will eliminate burdensome, costly red-tape delays in reexport trade. This zone will be of economic value to the entire Nation. While I have been a firm advocate of foreign-trade zones in this country, I realize that their value will depend largely on a strong American merchant marine. It is our bounden duty to maintain an American merchant marine adequate for national defense and a wholesome peacetime economy.

EXTENSION OF REMARKS

Mr. JONES of Washington asked and was given permission to extend his remarks in the RECORD and include a statement he made yesterday before the Special Senate Committee To Study the Problems of American Small Business regarding the price criteria in licensing exports.

Mrs. BOLTON (at the request of Mr. SMITH of Wisconsin) was given permission to extend her remarks in the RECORD and include a poem.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. MACKINNON asked and was given permission to extend his remarks in the RECORD and include a telegram.

Mr. MULTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article appearing in the March 1948 Record of the Association of the Bar of the City of New York. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$248.50, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

TRUMAN-MARSHALL POLICY

Mr. BUFFETT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BUFFETT. Mr. Speaker, by unconditional surrender, the United States

Government wrecked Germany and Japan. Those nations were ready, willing, and able to bottle up communism, and were strategically located to do so. But the Truman-Marshall policy was not intelligent enough to stop with Axis military defeat. It was to ruthlessly destroy those natural defenses against the spread of communism. That policy, like Roosevelt's actions since 1933, played perfectly into Russia's hands.

Now these same officials tell the world they can undo the crime of turning communism loose by dollar hand-outs in the Marshall plan.

Mr. Speaker, by their fruits ye shall know them. Wherever in the world these American internationalists have meddled there is tyranny, tragedy, and human suffering—in Greece, China, Palestine, Czechoslovakia, and Yugoslavia—to name only a few.

The lesson should be plain, but there is no sign yet that Congress has learned it. Every move abroad conceived by Truman and Marshall has played into Communist hands. The Marshall plan is another installment of this ride toward the destruction of western Christian civilization—by American internationalists who seem to be trying to supplant God Himself as the Ruler of the Universe.

COMPULSORY MILITARY TRAINING

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McDOWELL. Mr. Speaker, ever since the first peacetime compulsory military draft was proposed in this House in the late thirties, I have consistently opposed peacetime military training as being a European way of life that has never been successful and would only cause needless disturbances in the lives of young men of America and in the funds of the taxpayers of the Nation. However, I have always qualified my opposition to peacetime military training with the statement that if I received information from reliable sources indicating that my country was in danger, I would instantly change my position and vote for a draft. I propose to do just that this morning. As a matter of fact, I no longer consider that America is at peace. Only last week, an American soldier walking with his girl on a European street was clubbed by a Russian soldier, shot in the back, and kicked into the gutter. Advices from Yugoslavia and Italy indicate that serious military disturbances will shortly occur there. I feel that the world is on the verge of war and that it is the patriotic duty of American officials to realize this serious threat to our national security. Therefore, Mr. Speaker, I shall support any proper measure to arm and train the fighting men of the United States.

FEPC IN NEW YORK

Mr. MULTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, according to the RECORD of February 24, 1948, page 1620, the gentleman from Mississippi [Mr. RANKIN] is quoted as follows:

The gentleman from New York [Mr. MULTER] a while ago said they were going to impose this same FEPC that they are running businessmen out of New York with on the whole country.

I did not say that. He was probably referring to what some other gentleman said. At the same time, to the extent that he indicates my sentiments in favor of FEPC, he is correct. I rise at this moment merely to correct the statement that FEPC in New York State is running business out of New York. I have before me a communication from the director of the division of economic development of the Department of Commerce of the State of New York, which is in part:

In September 1947, "there were 530,000 firms in the State, 50,000 more than just before Pearl Harbor, and 130,000 more than at the wartime low."

Since then "the number of firms has increased and is now estimated to be more than 540,000."

The New York State Commerce Review of February 1948, an official publication of the New York State Department of Commerce, gives us this authentic information:

The basic strength and stability of the State's economy is reflected in the general confidence displayed by business. Evidences of this confidence are to be found in the continued increase in the number of business firms operating in the State, in the successful disposal of most surplus war plants to operating manufacturers, and in the construction of new industrial and commercial buildings throughout the State.

The same official publication further tells us:

The increase in business firms operating in the State broke all previous records in 1946 and continued in 1947 at a reduced rate. * * * During 1947, 26,300 new corporations were chartered by the State and the number of employers subject to unemployment insurance increased by 8 percent.

FEPC became effective in New York State July 1, 1945.

If any business has left New York because of FEPC we have not missed it. So far as we know, no business has given that as a reason for leaving New York.

JOINT COMMITTEE ON HOUSING

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 155.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That section 3 of

the concurrent resolution entitled "Concurrent resolution to establish a joint congressional committee to be known as the Joint Committee on Housing" (H. Con. Res. 104, 80th Cong.), is hereby amended to read as follows:

"SEC. 3. The committee shall from time to time report to the Senate and the House of Representatives the results of its study and investigation, together with such recommendations as to necessary legislation and such other recommendations as it may deem advisable. The committee shall make a preliminary report not later than March 15, 1948, and shall make its final report not later than June 30, 1948. Reports under this section may be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. LYNCH. Reserving the right to object, Mr. Speaker, may I ask the gentleman from New York whether the passage of this legislation will mean there will be a further delay in the reporting out of housing legislation? As I understand the resolution, it calls for a continuance of the committee until June 30 for its final report, at which time the House will probably be adjourned.

Mr. GAMBLE. It does not. Our report is practically ready and we expect and hope to file it next week despite the passage of this resolution. There are a number of things we desire to clean up. There are some additional situations we should like to investigate. Physically, we cannot file the report on Monday, but two parts of it are ready now and the third part is in preparation. It will be filed next week if we can carry out what I wish to do.

Mr. LYNCH. I have great regard for the gentleman from New York, but my point is that when this report comes in, can we expect that some action will be taken on housing? We have had a housing bill before this House for a good many months, but nothing was done about it until the Democrats started a petition to get the bill discharged. Can we look forward when this report is filed to some action, or are we going to have to continue as we have done for the past year and a half?

Mr. GAMBLE. I understand from the chairmen of the Committees on Banking and Currency of the House and Senate that there will be action.

Mr. JAVITS. Reserving the right to object, Mr. Speaker, I ask the chairman of the Joint Committee on Housing whether we will have at this session a comprehensive housing bill covering the various titles which need to be taken up, housing for veterans in the middle income brackets, research, and so forth, such as are contained in the Taft-Ellender-Wagner bill, or is it designed to bring up parts of this program by piecemeal legislation; and is the only hope of veterans the Taft-Ellender-Wagner bill discharge petition if they want a really comprehensive housing bill?

Mr. GAMBLE. I cannot speak for the banking and currency committees, but

as far as I am concerned, I should like to see a comprehensive bill. As far as the Taft-Ellender-Wagner bill is concerned, as to its being the only piece of legislation that will save the country, that is a little farfetched. The bill provides for 125,000 units per year for a period of 4 years, and last year private enterprise built and completed about 840,000 units.

Mr. JAVITS. The gentleman is incorrect about the terms of the bill which is designed for a program to provide 1,500,000 homes each year for 10 years.

Mr. GAMBLE. I think I am correct.

Mr. JAVITS. I am nevertheless, pleased to get the gentleman's assurance that we shall have a comprehensive housing bill.

Mr. SABATH. Reserving the right to object, Mr. Speaker, this is the resolution as to which the gentleman appeared before the Committee on Rules yesterday?

Mr. GAMBLE. Yes.

Mr. SABATH. The Committee on Rules approved of the resolution after I propounded to the gentleman and others the same question the gentleman from New York asked, whether this will not delay the action of the Committee on Banking and Currency in bringing in a bill that will relieve the unfortunate conditions that exist as to housing.

Mr. GAMBLE. I do not think anybody recognizes the need for housing more than I do. I have traveled over 10,000 miles and seen the need everywhere and I am for housing.

Mr. SABATH. You testified, as I said before the committee, that this will not delay housing in any way.

Mr. GAMBLE. It will expedite housing.

Mr. SABATH. In view of the fact that the chairman of the Committee on Banking and Currency has stated that he is ready with his bill which will be a really comprehensive bill and one that will bring about actual construction to relieve the situation, then we should have some housing soon.

Mr. WOLCOTT. Mr. Speaker, if the gentleman will yield so that I may correct a statement, I want to say that I do not remember ever having made the statement that the Committee on Banking and Currency was ready with any bill. We have not had any hearings on a bill. I do not recall ever having made the statement that the Committee on Banking and Currency at the present time was ready with a bill.

Mr. SABATH. You stated that you expected to have a bill shortly.

Mr. WOLCOTT. Yes.

Mr. SABATH. Yes; that is what I was trying to say.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. GAMBLE]?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include an article appearing in the Commonwealth of February 27, 1948, entitled "A Letter on Anti-Semitism."

Mr. LYNCH asked and was given permission to extend his remarks in the RECORD and include an extract from a magazine.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the RECORD and include a statement made by her before the Subcommittee on the Judiciary on the equal rights amendment.

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD and include a letter which he received from a man and his wife in Colorado.

RANKIN AND MARCANTONIO TO STAGE A RADIO DEBATE ON FEPC

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I just now listened to the gentleman from New York [Mr. MULTER] on the FEPC in New York.

The gentleman from New York [Mr. MARCANTONIO], the FEPC leader in the House, has challenged me for a radio debate on the pending FEPC bill. That challenge has been accepted, and we are going to debate it over the Mutual Broadcasting System on next Wednesday night, March 17, from 8 to 8:30 o'clock.

I hope everybody in America will tune in, because I expect to turn the pitiless sunlight of merciless publicity on that communistic measure with which the people of New York have been punished.

Mr. LYNCH. Mr. Speaker, will the gentleman yield for a question?

Mr. RANKIN. Yes.

Mr. LYNCH. Will you please explain why you picked out St. Patrick's night for a fight like that?

Mr. RANKIN. I knew that all of our Irish friends would be in a position to listen in.

Mr. Speaker, wherever they have submitted that proposition to a vote of the people, or submitted it to the legislature, after the legislators had been fully informed as to what was in it, it has been turned down. But in New York, Governor Dewey seems to have got his mustache in the wringer on it. Now he is afraid that if they do not impose it on the rest of the country, they are going to have to repeal it or lose their industries.

I ask all of you to tune in next Wednesday night at 8 o'clock. The program will be broadcast from 8 to 8:30. As I said, I am going to debate this question with the FEPC leader of the House, the gen-

tleman from New York [Mr. MARCANTONIO].

Mr. HUBER. Will it be televised?

Mr. RANKIN. Oh, no; it is going to be a debate and not a beauty contest.

RULES OF PROCEDURE BEFORE COMMITTEES

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, this morning my attention was called to the introduction of Senate Concurrent Resolution 44 by Senator LUCAS, of Illinois, which I feel all Members who believe in orderly House procedure will approve. This concurrent resolution, which I am introducing, reads as follows:

Senate Concurrent Resolution 44

Resolved by the Senate (the House of Representatives concurring). That the following provisions of this concurrent resolution are adopted as an exercise of the rule-making power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively.

SEC. 2. Any person who believes that testimony or other evidence given in a public hearing before any committee tends to defame him or otherwise adversely affect his reputation may file with the committee a sworn statement, concerning such testimony, which shall be made a part of the record of such hearing.

SEC. 3. Such a person shall in addition have the right (a) to testify personally in his own behalf; (b) to have the committee secure the appearance of witnesses requested by him for the purpose of testifying in his behalf, and to examine such witnesses, either personally or by counsel, but no more than four such witnesses shall be called; and (c) to have the committee secure the appearance of witnesses whose testimony adversely affected him, and to cross-examine such witnesses, either personally or by counsel, but such cross-examination shall be limited to 1 hour as to any one witness.

SEC. 4. Any person who wishes to avail himself of the rights accorded by section 3 shall, within 30 days of the receipt by the committee of the testimony complained of, file a petition with the committee requesting the fixing of a time and place for the receiving of testimony or the conduct of cross-examination and designating the witnesses to be summoned. Such a petition shall be accompanied by the sworn statement of the petitioner that the petition is not filed for the purpose of delaying or obstructing the work of the committee, but because his reputation has been unjustifiably damaged or otherwise adversely affected by false accusations or inference. The committee shall, within 10 days after the receipt of such a petition, fix a time and place for the receiving of testimony or the conduct of cross-examination, which time shall not be later than 30 days after the receipt of the petition, and shall secure the appearance at such time and place of the witnesses designated in the petition.

SEC. 5. Any witness summoned at a public or private hearing before any committee shall have the right to be accompanied by counsel. Such counsel shall be allowed to observe the hearing, but shall not be allowed

to participate therein or to advise the witness while on the witness stand unless the committee, in its discretion, shall otherwise determine.

SEC. 6. In the conduct of hearings, the evidence received shall, so far as possible, be relevant and germane to the subject of the hearing.

SEC. 7. If the testimony of a witness at a private or public hearing before any committee is reported stenographically, such witness shall be entitled to a stenographic transcript of such testimony upon payment of the cost of the transcript.

SEC. 8. A committee shall not publish or file any report, interim or final, unless and until a meeting of the committee has been called upon proper notice and such report has been approved by a majority of those voting at such meeting.

SEC. 9. No committee or employee thereof shall publish or file any statement or report alleging misconduct by, or otherwise adversely commenting on, any person unless and until such person has been advised of the alleged misconduct or adverse comment and has been given a reasonable opportunity to present to the committee a sworn statement with respect thereto as provided in section 2.

SEC. 10. No member or employee of a committee shall, for compensation, speak, lecture, or write about the committee, its purposes, procedures, accomplishments, or reports during the existence of the committee and while he is a member of the committee or in its employ.

SEC. 11. As used in this concurrent resolution, the term "committee" includes a standing or select committee of either House of Congress, a joint committee of the two Houses, and a duly authorized subcommittee of any of the foregoing.

The only additional provision that it should contain and which I will introduce in a separate resolution is that whenever a motion is made to delete a Member's remarks that he be accorded the privilege of recognition and equal time to answer any statement made in support of the motion. Then a Member will not be deprived of the opportunity to justify his attacked remarks or insertions made under leave to extend. This resolution will preclude in the future any Member or publicity man or clerk of any committee giving out interviews or issuing derogatory statements attacking any organization or any Member unless he first has been authorized to do so by the committee of which he is a member or an employee.

I hope you gentlemen, in the interest of orderly parliamentary procedure, will read this resolution that was introduced by the senior Senator from Illinois February 25, which, if in force yesterday, would not have denied me the opportunity of answering the gentleman from Mississippi [Mr. Rankin] before a vote was taken. He could not have been in position, as he was under the present rules of the House, to move the previous question when he had completed his remarks and thereby denying me the right of explanation. I am satisfied, as I said yesterday, that if I had obtained the privilege of reply, his motion to expunge would not have prevailed.

Under the leave granted me, I have included the resolution in my remarks

and shall not take up the time of the House in explaining the effect of its provisions, but I do hope that every Member will give it careful study and consideration.

The SPEAKER. The time of the gentleman from Illinois [Mr. SABATH] has expired.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute in order to announce the program for next week because many Members have inquired about it in order that they may arrange their affairs accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. HALLECK]?

There was no objection.

Mr. HALLECK. Mr. Speaker, I would like to announce that if the appropriation bill that is coming up for consideration today is finished today it is my plan to adjourn over until Monday next.

On next Monday there will be the call of the Consent Calendar.

We also hope to call up H. R. 5470, which has to do with price criteria and export licenses; and also if a rule is granted, to call up S. 2182, the extension of rent control.

On Tuesday there will be a call of the Private Calendar and then we will proceed to the completion of the measures scheduled for first consideration on Monday.

On Wednesday there will be general debate on the Department of Agriculture appropriation bill. I have discussed the matter with the chairman of the subcommittee who has that bill in charge and he anticipates that general debate will continue all through that day. We will then proceed with the consideration of the Department of Agriculture appropriation bill on Thursday and Friday, it being expected that the bill can be completed at least by next Friday.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. McCORMACK. In connection with Monday and the consideration of the rent-control bill, assuming the debate is concluded and there is a roll call, would the gentleman agree that the roll call might be taken on Tuesday?

Mr. HALLECK. Yes. I will be very happy to have that understanding, that if we did get along with the rent-control bill to the point where a vote might be reached on Monday, we would take the vote on Tuesday. Of course, as the gentleman knows, we are operating against something of a deadline in connection with that matter and want to expedite its consideration as much as we can.

Mr. McCORMACK. I thoroughly appreciate that fact, but assuming it was completed, the vote on final passage may go over until Tuesday?

Mr. HALLECK. Yes. That can go over until Tuesday.

Mr. McCORMACK. While my friend has stated it to my satisfaction, that

Wednesday will be devoted to general debate; I would just like to confirm that.

Mr. HALLECK. Yes. I might make this amendment to that statement: Should general debate be concluded, the reading of the bill started and some Members wanted to make 5-minute speeches, I can see no reason why that should not be done.

Mr. McCORMACK. I agree with that.

Mr. HALLECK. It will be understood, however, that the matter of voting on important parts of the Agricultural appropriation bill will not begin until Thursday.

COMMITTEE ON BANKING AND CURRENCY

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit during the session of the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency have until midnight Saturday to file a report on the bill S. 2182, the rent-control bill; and that the Rules Committee have until midnight Saturday to file a report in connection therewith.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. SPENCE asked and was given permission to extend his remarks in the Record and include an article.

Mrs. DOUGLAS asked and was given permission to extend her remarks in the Appendix of the Record in five separate instances and in each to include extraneous matter.

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent that in connection with the remarks I shall make in the Committee of the Whole this afternoon on the Treasury-Post Office appropriation bill that I may include the report of the Appropriations Committee on that bill and certain documents and other memoranda.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

TREASURY-POST OFFICE APPROPRIATION BILL, 1949

Mr. CANFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5770) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1949, and for other purposes; and pending that I ask unanimous consent that time for general debate be equally divided between the gentleman from Virginia [Mr. GARY] and the chairman.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5770, the Treasury-Post Office appropriation bill, 1949, with Mr. GRAHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. CANFIELD. Mr. Chairman, I desire first to present the report of the House Committee on Appropriations on the bill, as follows:

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL, 1949

Mr. CANFIELD, from the Committee on Appropriations, submitted the following report: The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1949.

With the exceptions subsequently specified, the bill includes regular annual appropriations for these Departments, the estimates for which are found: For the Treasury Department, on pages 849 to 894, inclusive, of the Budget; and for the Post Office Department, on pages 791 to 813, inclusive, of the Budget.

Appropriations for Bureau of Customs, Coast Guard, acquisition of strategic and critical materials, and refunding internal-revenue collections have not been included in the bill, but will be presented to the House later.

Detailed management surveys of the customs service and the Coast Guard, authorized in the Treasury-Post Office Appropriation Act, 1948, were made on a contract basis by commercial firms during the latter part of the calendar year 1947. Reports thereon were received in January 1948. In order that management and budgetary improvements pointed out in these reports can be analyzed and initiated, time must be afforded during which the recommendations made can receive thorough study by Treasury officials and the committee. The Secretary of the Treasury should insure that his officials spare no effort immediately to initiate concrete action on all recommendations made in these management surveys and be able to demonstrate specific improvements in efficiency and reductions in costs by the time hearings are held on the 1949 budgets for these two agencies.

The appropriation for strategic and critical materials has been deferred pending determinations relating to their procurement in conjunction with the European recovery program and further study by the committee. The appropriation for internal-revenue refunds requires further consideration by the committee.

In comparing estimates and amounts recommended in the bill for 1949 with appropriations for 1948, it should be noted that certain supplemental estimates for 1948 have been received by the committee. Authority was granted by the Second Supplemental Appropriation Act, 1948, for the Post Office Department to draw heavily against certain of its funds in the first part of the current year in the event of increased mail volume. Postal revenues, which are indicative of mail

volume, for the first two quarters of the current year were the largest in history, necessitating supplemental appropriations for fiscal year 1948. Unforeseen demands for currency have occasioned supplemental estimates for the Treasury Department, and

claims certified by the General Accounting Office for payment have exceeded original estimates for 1948.

For convenient reference, comparative figures for the items contained in the accompanying bill are as follows:

	Treasury Department	Post Office Department	Total
Appropriations, 1948.....	\$313,678,400	\$1,605,933,550	\$1,919,611,950
Pending supplemental estimates, 1948.....	2,721,700	141,318,800	144,040,500
Total, 1948.....	316,400,100	1,747,252,350	2,063,652,450
Estimates, 1949.....	306,981,700	1,710,644,500	2,017,626,200
Bill, 1949.....	290,453,100	1,691,269,250	1,981,722,350
Bill compared with 1948 appropriations plus supplemental estimates.....	-25,947,000	-55,973,100	-81,930,100
Bill compared with 1949 estimates.....	-16,528,600	-19,375,250	-35,903,850

TITLE I—TREASURY DEPARTMENT

Direct appropriations carried in the accompanying bill for the Treasury Department total \$290,453,100. Budget estimates covering items for which the foregoing amount is recommended total \$306,981,700, and appropriations for the regular operations of those Bureaus and agencies of the Treasury Department in 1948 for which provision is made in the accompanying bill amounted to \$313,678,400. Budget estimates for 1949 are thus \$6,696,700 less than funds provided for these activities for 1948, and the committee has made reductions below the budget estimates by \$16,528,600.

Permanent appropriations: The Treasury Department, in addition to the regular activities appropriated for in the accompanying bill, administers certain permanent appropriations such as interest on the public debt, statutory public-debt retirements, and others, for which the estimated obligations in 1949 aggregate \$5,877,868,083. This amount is less than the total of \$6,021,281,560 for 1948 by \$143,413,477. While interest on the public debt in 1949 is estimated at \$5,250,000,000, exceeding the 1948 amount by \$50,000,000, the amount for statutory debt retirement in 1949 is \$193,700,000 less than the 1948 amount. The increase in interest on the public debt is attributable, according to the Secretary of the Treasury, to a rise in the average rate of interest paid, and not to an increase in total debt. The decrease in statutory debt retirement in 1949 is due to the nonrecurring application of the surplus of the War Damage Corporation to reduction of the public debt.

Trust funds: The Treasury Department also administers trust funds, such as the Federal old-age and survivors insurance trust fund, the unemployment trust fund, and others. Total obligations of these funds in 1949 are estimated at \$3,313,584,430, an increase of \$89,800,000 over the 1948 amount of \$3,223,782,500.

The tabular statement at the end of the report provides an itemization of all of the foregoing.

Departmental offices

Appropriation, 1948.....	\$16,867,000
Estimate, 1949.....	11,936,400
Recommended in bill, 1949.....	10,095,000

Organizationally under the immediate Office of the Secretary of the Treasury as administrative or service offices are the Chief Clerk, Superintendent of Treasury Buildings, and Division of Personnel, and as technical units the Office of the General Counsel and Division of Tax Research.

The Budget proposed an appropriation for the office of the Chief Clerk, which the Department supported by written justifications. The committee was surprised to learn from the testimony given on this item that a new

Office of Administrative Services, which "takes the place of the Chief Clerk's office and contains the Division of Treasury Buildings," was created by administrative order more than 3 months before the budget was presented to the Congress. Although not appreciative of being belatedly advised of budgetary changes, the committee believes that a consolidation of the "housekeeping" functions of the Department is a move in the proper direction. This should be merely the first step in a major realignment of overlapping components. There is no justification for maintaining separate units such as the office of the Chief Clerk, Superintendent of Treasury Buildings, and the Division of Personnel. Also, the guard force for Treasury buildings, which was formerly under the office of the Secretary but is now under the Secret Service Division, should be considered as a departmental service organization. All of these service units should be integrated under the office of the Secretary and headed by a single administrative officer without intermediate administrative units or officers. A thorough survey of this matter should be undertaken at once by the Department, and the budget for 1950 should present a consolidation of these functions as well as the appropriations therefor. The committee expects that specific reductions in costs will accompany the consolidation.

The written justifications for the 1949 estimates of the Department were unnecessarily voluminous and not sufficiently uniform. The Secretary of the Treasury should insure that all irrelevant matter and verbiage are eliminated in the justifications for 1950, with substantial reduction in the volume of material presented. Proper care should be exercised to insure maximum clarity and uniformity in presenting all information relative to the estimates. The departmental budget officer should confer with the committee staff in this regard.

The estimate of \$409,000 for salaries for the office of the Secretary has been reduced to \$380,000, a decrease of \$29,000, of which \$20,000 should be applied against employment of public-relations personnel. There are presently 7 such employees in the office of the Secretary and 28 elsewhere in the Department, an excessive number. Only 13 messengers are currently employed in the Secretary's office, and the number authorized has been reduced from 18 to 15.

The estimate for personal or property damage claims, \$50,000, is admitted by the Department to be a mere guess, and has been reduced to \$30,000.

Obligations for penalty mail in 1948 are estimated in the budget at \$5,900,000, leaving \$800,000 of the current appropriation unused. No increase for 1949 has been justified, and the estimate has been reduced from \$6,350,000 to \$5,900,000, in conformity with 1948 requirements.

The appropriation for refunds under the Renegotiation Act, administered by the Secretary of the Treasury, has consistently been grossly overestimated since its inception. The estimate of \$3,250,000 for 1949 has been reduced by the committee to \$2,000,000, the amount presently estimated in the budget to be necessary for 1948.

Despite a reduction of personnel in the Division of Tax Research for 1949, the budget proposes no offsetting reduction in funds. The committee has reduced the estimate of \$141,400 to \$110,000 to compensate for the proposed smaller number of employees. This appropriation should not be utilized to pay for work performed for foreign governments unless such is authorized by law.

The Office of the General Counsel is staffed with 56 persons, of whom only 19 are attorneys. There are 477 attorneys in the entire Legal Division of the Treasury Department, the majority of whom are in the Bureau of Internal Revenue. In all, the Treasury Department estimates for 1949 include \$5,500,000 for legal services, and the Office of the General Counsel is, according to the acting general counsel, largely a service organization for which no work-load statistics are maintained. The amount for this office has been reduced from \$250,000 for 1948 to \$225,000 for 1949. The detailed legal work is performed principally outside this office in the various bureaus, and the amount provided is adequate for the function of correlating departmental legal activities in addition to any detailed legal work required of this unit.

Funds for the Division of Personnel have been reduced from the estimate of \$127,000 to \$120,000, since in the past 3 years there has been a constant reduction in the total numbers of civilian personnel in the Treasury Department.

The departmental witness who sought to justify the appropriation for health-service programs for the Department was unable to advise whether absenteeism on account of illness is reduced by these programs, and no adequate justification for the entire program was given. Notwithstanding this, the committee feels that since these programs were only recently authorized by law they should be continued with respect to the Treasury Department. The estimate of \$75,000 has been reduced to \$70,000, and the Department should be able to furnish adequate information and justification of the magnitude and merit of these programs in the future.

Bureau of Accounts

Appropriation, 1948.....	\$13,655,000
Estimate, 1949.....	14,068,000
Recommended in bill, 1949.....	13,518,000

Appropriations for this Bureau include salaries and expenses for accounting and control of appropriations made to various agencies of the Government, preparation of financial statements relating to public funds, disbursing appropriated funds and the administration of funds for payment of certain claims against the Government. Reductions totaling \$550,000 have been made in the estimates, which aggregate \$14,068,000, for each of the various items under this Bureau. The Bureau of Accounts is liquidating certain war agencies and is billing and collecting for lend-lease items transferred to foreign governments. Certain procuring agencies are tardy in furnishing documents for billings to foreign governments, thus delaying the process of winding up lend-lease accounts. The Secretary of the Treasury should insist upon cooperation of all procurement agencies in the prompt completion of these billings and collections. The committee feels that further delay in this

respect should not be tolerated, as it might well result in loss to the Government.

The Division of Disbursement has made some progress in reducing expenses, and the committee hopes that no effort will be spared to effect further reductions.

An appropriation of \$325,000 was requested for augmenting the Government losses-in-shipment fund. Although not apparent from its title, losses resulting from erroneous bond redemptions by fiscal agents of the Government are also reimbursed from this fund. Statutory authority for this appropriation is doubtful, and the committee is convinced that the \$336,000 balance in the fund is adequate to meet requirements in 1949.

Bureau of the Public Debt

Appropriation, 1948.....	\$65,913,000
Supplemental estimate, 1948....	361,000
Estimate, 1949.....	54,513,200
Recommended in bill, 1949.....	52,800,000

This Bureau manages transactions in the public debt issues of the United States, matters relating to the paper currency of the United States, and contains a division for promoting the sale of savings bonds to individuals. In its report on the appropriations for the Bureau of the Public Debt for 1947, the committee found it necessary to be critical of the inadequate measure of responsibility evidenced by this Bureau regarding estimates for appropriations to be transferred to other agencies for services to be performed. Such transfers must continually be subjected to the exercise of the most careful appraisal and control. The committee now notes that transfers of funds to support activities in the office of the Secretary of the Fiscal Assistant Secretary, and the technical staff are contemplated in 1949. Such interdepartmental transfers reflect a type of budgetary management which the committee cannot continue to sanction. Treasury Department estimates for the next fiscal year should not include provisions for financing departmental activities by transfers between appropriations, but should reflect separate appropriations for such organizational and functional units as are necessary to efficient operations.

The 1949 estimate for the appropriation "Administering the public debt" includes \$4,658,100 for the Division of Savings Bonds. When this activity was justified for the fiscal year 1948, the amount of \$2,839,862 was requested. The Department now plans to increase the amount to be used in 1948 to \$3,564,900, obtaining the difference by utilizing funds otherwise considered as surplus. These increases are based upon a program of greatly accelerated promotional efforts to sell savings bonds. Full utilization of voluntary services will permit a reduction of the amount requested for 1949. Accordingly, the committee has reduced the estimate to \$3,750,000, which is an increase over the amount to be used in 1948. Inasmuch as the Department apparently has a propensity to utilize appropriated funds in accordance with its own discretion rather than upon the basis of its budgetary justifications submitted to the Congress, the committee has provided a limit upon the amount of funds for promoting bond sales.

The estimate of \$54,513,200 for administering the public debt has been reduced to \$52,800,000.

Apart from the decrease noted in the amount provided for the savings-bond program, economies are possible in all other activities of this bureau.

The volume of redemptions of paper currency has greatly exceeded that estimated when the 1948 budget was submitted, and the cost of paper has increased. A supplemental appropriation for the purchase of

distinctive paper for United States currency is now pending, and the committee has allowed the full amount of \$1,300,000 requested in the budget for 1949.

Office of the Treasurer of the United States

Appropriation, 1948.....	\$5,040,000
Estimate, 1949.....	5,040,000
Recommended in bill, 1949.....	4,980,000

The volume of work of this Office is dependent largely upon the number of checks drawn for Government expenditures and the number of transactions relating to public-debt operations. No important changes in volume are apparent in 1949. The majority of this appropriation is for personal services. The reduction of \$20,000 against salaries and expenses can readily be absorbed in filling vacated positions at lower salaries, and the reduction of \$40,000 in printing and binding is based upon the fact that the 1949 estimate is greatly in excess of the amount expended in 1947 and the rate of expenditure in the first 6 months of the current year.

Bureau of Narcotics

Appropriation, 1948.....	\$1,434,000
Estimate, 1949.....	1,434,000
Recommended in bill, 1949.....	1,450,000

During examination of the estimates for this Bureau, interrogation of the Commissioner by the committee revealed that a modest increase in appropriations above the estimate could be utilized to station two operators abroad for investigations and pre-emptive operations at the sources of narcotics shipments. The Commissioner is confident that such activity will greatly aid in control and enforcement of narcotic laws in the United States. The committee heartily endorses the expenditure of this relatively small sum as sound investment in controlling illicit narcotics traffic. While \$25,000 was said to be the amount necessary for this foreign activity, in view of the unobligated balance of this appropriation for 1947 and the savings thus far in 1948, two operators can be maintained abroad with the additional amount of \$16,000 provided in the bill.

Bureau of Engraving and Printing

Appropriation, 1948.....	\$12,005,000
Supplemental estimate, 1948....	1,650,000
Estimate, 1949.....	12,830,000
Recommended in bill, 1949.....	12,000,000

A supplemental estimate of \$1,650,000 for 1948 is for producing additional paper currency, based upon the increase in the volume of redemptions above that originally estimated for 1948. This should be a nonrecurring item, and should not be reflected in the amount required for 1949. Estimates of the work load of this Bureau are somewhat erratic. Although the estimate includes \$125,000 for additional equipment, testimony of the Director was to the effect that no need therefor can be seen at the present time. The amount appropriated for 1948 is deemed to be more realistic than that estimated for 1949, and the amount provided in the bill represents a reduction of \$830,000 below the 1949 estimate of \$12,830,000.

Bureau of Internal Revenue

Appropriation, 1948.....	\$188,000,000
Estimate, 1949.....	188,000,000
Recommended in bill, 1949.....	186,736,000

The estimate of \$188,000,000 for 1949 has been reduced by \$1,264,000 to \$186,736,000. Provision has been made in the bill which separates the appropriation for personal services, for which \$168,736,000 is recommended; and the appropriation for objects of expenditure other than personal services, for which \$18,000,000 is recommended. The

limitation proposed by the budget on expenditures for personal services in the District of Columbia was \$16,530,000. This has been reduced in the bill by \$530,000 to \$16,000,000 since the Bureau in adjusting its operations under the 1948 appropriation did not sufficiently reduce unnecessary and inefficient activities in the Washington office. Thus, no reduction has been made in the funds requested for personal services in the field where the most important enforcement work is and should be concentrated.

Last year the budget estimate for the Bureau was \$208,000,000, against which the Congress applied a reduction of \$20,000,000 and appropriated \$188,000,000. Very strong criticism of this action was voiced by the Treasury Department spokesmen, and when the President signed the Treasury-Post Office appropriation bill for 1948, he released a statement which read in part as follows:

"I am advised by the Secretary of the Treasury and the Commissioner of Internal Revenue that the reduction of \$20,000,000 in the appropriation of the Bureau of Internal Revenue will mean a reduction in personnel of 4,000 to 5,000 employees and will result in a direct loss of revenue of not less than \$400,000,000 in fiscal year 1948."

A large part of the criticism of the committee and the Congress in this respect was based upon the often-repeated concept advanced by the Bureau of Internal Revenue that for each \$1 of funds spent by it \$20 in revenue is collected. It should be noted that the Bureau of Internal Revenue requested the President to ask Congress for \$213,000,000 for 1948. The President reduced this request by \$5,000,000, and using the same arithmetic by which the figure in the afore-mentioned statement was computed, the President caused a loss of \$100,000,000 in revenues by his own action. But since last July the President has decided that the amount appropriated for the Bureau for 1948 will be adequate for 1949, and it should be noted that a distinct change has occurred in the \$20 for \$1 ratio. The Commissioner of Internal Revenue testified that:

"For the fiscal year 1947, for every dollar spent we received in return \$22.75 and for the first 4 months of 1948 for every dollar we spent, we received in the way of production \$27.83."

This often-cited ratio fluctuates. Apparently the Bureau divides tax revenues by its expenditures for the equivalent period and arrives at this ratio of production. There is thus no magic formula whereby x dollars spent on salaries and expenses for the Bureau produces y dollars in revenue. The revenue has flowed in, either regardless of the efforts of the Bureau or because the Bureau has settled down to work and improved its effectiveness. But the mere correlation of these statistical data is not proof that the one figure determines the other. Enforcement activities doubtless result in the discovery and collection of unreported or erroneously reported taxes. The productivity of such efforts, however, is not measurable solely in terms of dollars spent for salaries and expenses of the Bureau. Such productivity is dependent upon the degree of efficiency and effectiveness of the operations of the Bureau and not merely upon the total number of persons on the pay roll.

When the 1948 appropriation for the Bureau was under consideration the Bureau pointed out that it audits 3 percent of the tax returns filed each year, and such audits are said to be productive of increased tax collections. Notwithstanding approximately a 10-percent reduction in appropriations for 1948, the Bureau is still able to audit 3 percent of its returns. The Commissioner testified that this is attributable to increased efficiency on the part of the investigative

force. Obviously, a reduction in appropriations was helpful to the Bureau and seems to have encouraged increased efficiency and output.

It should be noted that statistics of the Bureau's enforcement accomplishments contain inflated figures. Bureau officials admit that when a tax assessment is made the amount is counted in enforcement figures, and when a warrant for collecting the same tax is issued the amount is again counted. These officials state, however, that the amount of inflation in enforcement figures is small. Inaccurate figures offered as a basis for budgetary action provide no basis for enhancing the confidence of the committee in any agency.

In its report last year the committee stated that enforcement activities of the Bureau and the Alcohol Tax unit should not be curtailed because of reduced funds. The conference report on last year's bill, which was duly considered and adopted by both Houses, directed that enforcement activities of the Bureau should not be curtailed. The Bureau, however, did not follow these instructions.

Complaints of inefficiency in the operations of the Bureau have been heard for many years, and last year led the committee to institute an investigation. The investigators' report pointed out many glaring inefficiencies but, when interrogated thereon, Bureau officials in general denied or sought to explain away nearly all allegations of inefficiency.

The investigators found discipline and administrative control lax in the Washington office of the Bureau, and estimated that it is securing no more than six productive hours of work per day, on the average, from its employees. In the face of such conditions, the Congress is urged to appropriate large sums of money to support, in effect, loafing on the job. This is like stoking the furnace while the upstairs windows are open. The Commissioner testified that he has taken steps to correct this situation and will take stronger action if necessary. If the Commissioner finds it necessary to discharge supervisory personnel for failure to exercise proper control over employees, he should receive the full support of all concerned.

The investigators found that the training division of the Bureau is "an aggravated example of inefficiency and lost motion." The Commissioner agreed to look into this matter. Reports of the Bureau's own field supervisors contain repeated references to the fact that employees are not keeping current in their correspondence instruction courses. The Bureau puts great importance on the completion of correspondence studies by its personnel, and considers such activity in connection with employee efficiency ratings. The committee is led to believe, however, that in actual practice this policy is not fully carried out in assigning efficiency ratings. The training program should either be reduced or employees should be required to utilize it more fully, and delinquencies in respect to such training should be given greater weight in actual efficiency ratings.

There are indications of cumbersome procedures and an inordinate degree of specialization in certain departmental units of the Bureau. These should be thoroughly surveyed and the results reported to the committee next year. The office of the chief counsel is one of the units referred to, and there is some indication that this office is overstuffed.

The audit review divisions in the Washington office of the Bureau appears to be engaging in much duplication of the efforts

of the field units, and the committee feels that economies in these divisions can be effected without impairment of necessary service.

The personnel of these divisions are generally in lower salary grades than are the field employees whose work they review, and the small number of errors found in such reviews do not appear to warrant the procedure. It should be reduced or eliminated, and it is to this end that part of the reduction in the amount available for expenditure at the seat of Government has been made.

The most serious defect in the organization and operations of the Bureau is the fact that the men who are charged with the actual collection of the revenue, the collectors, are political appointees. The Commissioner, who administers the entire Bureau, does not have effective control over the collectors throughout the country. Whether collectors of internal revenue actively attend to the affairs of their offices or merely bask in their patronage appears to be largely a matter of their own volition.

The committee recommends the enactment of legislation whereby the appointment of collectors of internal revenue would be removed from the patronage system and placed under civil-service laws and regulations. This would be a major progressive step in the operations of the Bureau, even though the administration of the civil-service system is badly in need of widespread improvements.

In the course of their survey the committee investigators visited the office of the collector of internal revenue in Boston, Mass. An extremely lax and inefficient administration was discovered. Evidence found in the files of the assistant collector was highly indicative of violations of the Hatch Act.

In Hartford, Conn., officials in the office of the collector of internal revenue have been indicted for violations of the Hatch Act.

Two employees in the office of the collector of internal revenue in Newark, N. J., recently flushed several bundles of income-tax records down a drain. This was not discovered for several months, resulting in costly confusion. Proper supervision in this office would seem to have either prevented such an incident or reduced the ensuing confusion and cost.

It was brought out in the hearings that a grand jury investigation was scheduled to start on February 23, 1948, with respect to alleged political activity in the office of the collector of internal revenue at Milwaukee, Wis.

The cashier in the office of the collector of internal revenue in Wilmington, Del., was recently convicted of embezzlement. Reports of the Bureau's own field supervisors, which are printed in the hearings on the bill, establish the fact that the collector at Wilmington had definite notice of irregularities on the part of his cashier many months before the defalcations were reported to the Bureau in Washington. Also the Bureau had notice in a report from its own field supervisor dated October 31, 1946, that the cashier was not complying with the Bureau's accounting regulations. The following quotations from this report are significant:

"In the absence of any kind of a record or work sheet reflecting settlement of the cash drawer, it could only be concluded that the same carelessness and neglect attended the reconciliation of cash receipts.

"* * * and Mr. Flynn's signature to the monthly Form 68 constituted a falsification of facts and figures."

Other inefficiencies in varying degree were found in other collection districts throughout the country. Copies of numerous reports of the Bureau's own supervisors of accounts

and collections are contained in the hearings, with comments thereon by the Bureau. These reports from the Bureau's own files conclusively establish that extreme laxity and gross inefficiency pervade many collectors' offices, and the action reported thereon by the Bureau leads the committee to conclude that the standards of efficiency and administrative control observed by the Bureau are entirely inadequate.

There appears to be an unnecessary and cumbersome degree of specialization in the work of enforcement personnel. The organizational structure and lines of administrative authority, including the inconsistent alignment of field organizations of the various units of the Bureau, the accounting and control of appropriated funds, and many other aspects of the management of the Bureau should be subjected to thorough objective analysis and revision.

It is recommended that the Commission on Organization of the Executive Branch of the Government undertake a thoroughgoing analysis of the Bureau of Internal Revenue at the earliest possible moment. The great importance of this agency which collects the revenues for operating the Government requires that it be given the highest priority in the Commission's program.

Secret Service Division

Appropriation, 1948.....	\$2,813,400
Supplemental estimate, 1948....	10,700
Estimate, 1949.....	2,819,600
Recommended in bill, 1949.....	2,814,600

The only reduction in estimates of appropriations under the Secret Service Division is \$5,000 for salaries and expenses for the guard force for Treasury buildings. The budget provides for a reduction in guard personnel but includes no equivalent reduction in expenditures for objects other than personal services. As already indicated under the discussion of departmental offices, the committee recommends that the guard force be returned to the office of the Secretary. Its operations are of a routine nature and are not the same specialized type of police work as that of the Secret Service. The budget estimates for salaries and expenses of the Secret Service and the White House Police have been approved in full by the committee. Protection for the President and the President-elect in an election year will require adequate funds, and criminal activities such as counterfeiting, which is on the increase, should not be neglected.

Bureau of the Mint

Appropriation, 1948.....	\$6,467,500
Estimate, 1949.....	4,696,000
Recommended in bill, 1949.....	4,505,000

Although the budget estimates for the Bureau of the Mint have been reduced from the amount appropriated for 1948, principally because of the reduced demand for coin, inspection of its budget shows that it generally overestimates requirements for funds. There were unused balances of the amounts appropriated for the past 3 years, including \$891,413, in 1946; \$1,622,788, in 1947, and an estimate of \$1,557,000, in 1948. The estimates of \$4,696,000 for 1949 have been reduced by \$191,000, which should not prevent the bureau from employing auditors necessary to the gold and silver programs, as contemplated by the estimates.

Bureau of Federal Supply

Appropriation, 1948.....	\$1,480,000
Estimate, 1949.....	11,620,000
Recommended in bill, 1949.....	1,550,000

The estimate for the direct appropriation for salaries and expenses of this Bureau for 1949 is the same amount as authorized for 1948, \$1,310,000. Additional administrative

expenses for its operations, however, are obtained from its capital account known as the general supply fund. Expenses paid from this fund for 1948 are estimated at \$4,418,000. An appropriation of \$10,000,000 is requested to increase the general supply fund from its present amount of \$8,000,000 to \$18,000,000. An increase of \$500,000 over the 1948 amount of administrative expenses derived from this fund is estimated for 1949 under the proposed capital increase.

Much of the authority under which the Bureau of Federal Supply conducts and implements its operations is carried in the annual appropriation bill. The activities of the Bureau are increasing rapidly, and the testimony of the Director indicates that plans are being made and legislation is being prepared for extensive expansion of the scope of the Bureau's operations. The committee has been informed that the Bureau of the Budget is preparing legislative proposals, which, though still in preliminary stages, apparently will bring some of the functions of the surplus property disposal program under this Bureau and transfer the Bureau from the Treasury Department to the Federal Works Agency. And the Commission on Organization of the Executive Branch of the Government is surveying Government-wide supply and procurement activities.

It would be premature to recommend an appropriation which would more than double the general supply fund, and thus provide for a great expansion of the operations of the Bureau of Federal Supply, while important studies and legislative proposals relating to its operations are being developed. Its activities should receive careful scrutiny by the proper legislative committee before its scope is enlarged, and the committee is not disposed to recommend to the House that legislative authority for this Bureau be carried in an appropriation bill after 1949. It is recommended, however, that such language be carried in the bill for 1949, since its elimination would result in precipitous interruption of a going program.

Apart from the fact that reorganization of the Bureau of Federal Supply is under consideration there are other substantial reasons why the committee recommends that the general supply fund should not be increased at this time. Centralization of procurement and supply functions of the Government appears to be meritorious for certain standardized supplies and equipment. Though savings in net cost to the Government are alleged under centralized procurement, no convincing evidence has been presented to the committee that all Government procurement or even a greatly expanded program thereof could be economically and efficiently centralized under the Bureau of Federal Supply or any other agency. Some Government establishments allege and some, such as the Post Office Department, have offered proof that they can purchase more economically than can the Bureau of Supply some of the items required for their operations. The reason given for increasing the general supply fund is that of increasing the volume of centrally procured supplies for Government agencies. This would require the financing of larger inventories, and increased working capital would be needed to finance the lag between payments to suppliers and the liquidation of accounts receivable. A year or so ago the average time required for the Bureau of Federal Supply to collect amounts due from Government agencies was 90 days. Testimony reveals that by efforts on the part of Federal Supply officials, this period has now been reduced to approximately 45 days. The cumbersome and outmoded system of checks and balances of controlling Federal funds under the warrant procedure is a factor which makes elimina-

tion of the lag in collections difficult. However, the results already accomplished prove that improvements can be made, and they must be made. It would be the worst kind of public policy to appropriate money to offset the propensity of Government administrators not to settle their accounts and pay their bills promptly. Testimony indicates that it is possible for operating agencies requisitioning from or through the Bureau of Federal Supply to advance purchase funds from their appropriations when accompanied by specific orders. Therefore, the committee has not included funds in the accompanying bill to increase the supply fund.

There are other operations of the Bureau of Federal Supply, the value of which are highly doubtful, such as the Special Furnishings Section. The Printing Section of the Purchase Branch is said to edit all manuscript of the Treasury Department submitted for printing, allegedly saving money. However, what often happens is merely the verbatim retyping from one form to another, a complete duplication of effort, and a completely wasteful operation.

The appropriation for printing and binding for the Bureau of Federal Supply covers the costs of printing the Daily Treasury Statement as well as certain reports wholly unrelated to the operations of this Bureau. Printing and binding funds are also provided for the respective bureaus, including the Bureau of Accounts which prepares and publishes the Daily Treasury Statement. The principle specified previously in this report, that of having appropriations conform to the operations and functions of the various units, should be followed with respect to the Bureau of Federal Supply as well as all other units of the Department in the budget for 1950.

Estimates totaling \$1,620,000 for salaries and expenses, printing and binding, and expenses for determining net renegotiation rebates have been reduced by amounts aggregating \$70,000, which can readily be absorbed. An increased transfer in amount of \$30,000 from the general supply fund for printing and binding is, however, recommended.

Typewriter purchases

As indicated in its report on the Treasury-Post Office appropriation bill for 1948, the committee instituted a survey of Government requirements for typewriters. The report of this investigation revealed that the Government now has a staggering number of typewriters on hand. As of August 1947 the Federal Government had approximately 1 typewriter for each 2.5 Federal employees, and had approximately 3.6 typewriters for each of the stenographers, typists, and correspondence clerks employed. The report also revealed that there were nearly 15,000 electric typewriters on hand as of August 15, 1947, and various agencies proposed to purchase 900 additional electric typewriters in 1948. Thus, during the period when ordinary typewriters have been difficult to obtain, some agencies have been purchasing electric typewriters for more than double the regular commercial price of ordinary mechanical typewriters. While many typists doubtless prefer to use electric typewriters, owing to their ease of operation and the large number of copies which their use makes possible, there is no measurable reduction in cost or increase in efficiency to the Government in the use of such machines, except for isolated and specialized work. There has not been and will not be any reduction in the number of typists requested by the departments and agencies as a result of the purchase of electric typewriters regardless of any alleged increases in efficiency, and the net effect will be the increased cost to the taxpayers of such machines.

In summary, it is obvious that the Government now has more than an adequate supply of typewriters to meet all requirements for the coming year. This being the case, there is no justification for the purchase of a single typewriter, ordinary, electric, portable, or otherwise, during the fiscal year 1949. To permit the purchase of typewriters under these conditions would be a breach of trust on the part of the Congress in these times when the crushing expenses of Government are already a portentous menace to our system of free enterprise. In this connection, the question of possible discrimination against manufacturers of typewriters is brought up. Demand for typewriters on the part of business and institutional customers and private individuals currently exceeds production capacity. It would thus be to the advantage of typewriter manufacturers to have a moratorium on purchases by the Government during the period when the available supply is inadequate for the demands of private users. Therefore, the committee has inserted a provision in the accompanying bill which prohibits the purchase of any typewriters by the Government in the fiscal year 1949.

While there is no question that the total supplies of typewriters now owned by the Government will more than fill all essential requirements, it is possible that the departments and agencies which have surplus machines will not necessarily be the ones whose requirements may expand in the coming year. To overcome this possibility, provision has been made in the bill whereby surplus typewriters will be surrendered to the Bureau of Federal Supply for redistribution to other agencies needing additional or replacement machines. The Bureau of Federal Supply has trucks, warehouse facilities, a typewriter-repair shop with trained personnel, and also has a Government Requirements Division already experienced in redistributing stocks between agencies. In addition it has a revolving fund, which can be drawn upon on a temporary basis to cover the costs of administration, hauling, repairing, and storing typewriters in the process of redistribution until the agencies receiving typewriters from the central stocks can be charged by the Bureau of Federal Supply. This is the only Government agency with these unique characteristics, which is the reason it was selected for carrying out this activity.

TITLE II—POST OFFICE DEPARTMENT

For the postal service a total of \$1,691,269,250 is contained in the bill for departmental and field activities in 1949, representing a reduction of \$19,375,250 in the budget estimates, and an increase of \$85,335,700 over appropriations for 1948. However, supplemental estimates now pending for 1948 total \$141,318,800, and if this amount is added to appropriations already made for 1948, the sum provided in the bill represents a reduction of \$55,973,100 below the total 1948 figure.

Postal revenue and expenditures

Although the Committee on Appropriations has emphasized this matter previously, it is important in considering the budget for the postal service to bear in mind certain factors which are not involved in the consideration of other parts of the budget. A very large portion of the cost of operating the postal service is predetermined by or in pursuance of statute. The Postmaster General has authority to appoint certain types of employees in such numbers as are needed to render service which the Department is required by law to perform. Such authority is obviously necessary in order that the mail be moved and delivered whenever, wherever, and in whatever volume it is delivered to

post offices. The rates of compensation paid to postal employees are fixed by law. The rates charged by railroads for hauling mail are fixed by the Interstate Commerce Commission, and the rates paid for air-mail transportation are determined by the Civil Aeronautics Board. The calculation of the amounts to be appropriated for operating the postal service from year to year is thus entirely a process of making the most accurate estimate possible as to the volume of mail to be deposited by the public in post offices, and on the basis of applicable laws, to determine how much money will be required to move and deliver that volume of mail. Therefore, considerations such as how much of the available Government revenues can wisely be allocated to moving the mail are for the most part academic in the process of making appropriations for the Post Office Department.

The fiscal year 1948 demonstrated the principles under discussion. Under the annual budgetary cycle, estimates of appropriations, which are based on estimated mail volume, for the fiscal year ending June 30, 1948, were first prepared in July of 1946. At that time all indications were that postal revenues would follow the moderately downward trend then operative and would approximate \$1,257,400,000. (The volume of postal revenues is indicative of the volume of mail and service transactions.) Congress acted on the postal budget, and appropriated \$1,531,661,050 for operating the postal service in 1948. Meanwhile, during the 12 months which had elapsed since the preparation of estimates on which such appropriations were based, the Post Office Department found that the trend of postal business instead of declining was showing a marked rise. Supplemental estimates for appropriations totaling \$162,384,100 were submitted to the Congress just as the fiscal year 1948 began. The committee recommended that a wait-and-see attitude be adopted, and \$74,272,500 was appropriated, with authority for the Department to draw heavily upon its available funds in the first part of the year in the event of continuing increases in mail volume.

While the time-consuming process of translating postal-revenue statistics into volume and number of pieces of mail for the first 6 months of fiscal year 1948 has not yet been completed, figures for that period indicate the largest volume of postal receipts in history. Revenues for the first half of 1948 were approximately \$719,000,000, an increase of 12.4 percent over the equivalent 6 months of the previous year, indicating that total revenues for the year will probably exceed \$1,400,000,000. Total postal revenues for 1949 are estimated in the budget at \$1,384,732,000. This estimate was made more than 6 months ago and postal business meanwhile has increased at a rate which now indicates that the 1949 budget may well be too low. If this proves true, the appropriations recommended in the bill for 1949 may prove inadequate. Therefore, the committee can see no wisdom in making substantial reductions in the budget estimates for the Post Office Department.

Management of the Post Office Department

For the first time in history, a career employee has become Postmaster General. The committee has great confidence in Mr. Donaldson's ability and integrity, and congratulates him on his achievement.

His appointment has had a highly beneficial effect on the morale of postal workers. This, coupled with the fact that the postal service is now completing its postwar readjustment in personnel, affords the incumbent Postmaster General an opportunity to apply his wide knowledge of postal operations so as to institute all possible improve-

ments in efficiency and reductions in costs in the operation of the postal establishment.

Salaries, departmental bureaus and offices

The general increase in postal business increases somewhat the work loads of the various departmental offices. Therefore, the amounts contained in the bill for nearly all departmental offices are greater than amounts provided for 1948. The committee recommends such increases to provide for additional employees to aid in controlling the allocation of funds for field operations throughout the country. While increases over 1948 are recommended in most instances, the committee feels that the increases requested in the budget are not fully justified, and has reduced the 1949 estimates somewhat for all departmental offices.

For the office of the Postmaster General, an increase of \$20,000 over the 1948 appropriation of \$406,600 has been provided to cover the cost of the safety program. This is a meritorious activity which should be pushed with vigor. Other requested increases have not been granted, since a realignment in personnel by reducing public relations and personnel staffs can be effected so as to provide positions for other types of activity deemed necessary for this office.

The Office of Budget and Administrative Planning has been granted part of the increase requested. This Office was established only 6 years ago, and the amount of \$65,000, which is a reduction of \$3,300 below the estimate for 1949, is more than double its initial appropriation in 1943. The committee feels that the increase provided is adequate. The establishment, possibly under this office, and as may be recommended by the legislative committee, of a research laboratory for making engineering studies to reduce the volume of manual labor in handling and moving the mails would be a most progressive step, and there is great need for continuing analysis of postal procedures and methods.

Twenty new positions were requested for the Office of the First Assistant Postmaster General, at a cost of approximately \$50,000. The explanation made for part of this increase was to reduce the backlog of work in this Office, which is not considered by the committee as an adequate justification. The estimate of \$1,200,000 has been reduced to \$1,162,500 in the bill.

The Office of the Second Assistant Postmaster General requested 12 new positions for 1949 at a cost of \$48,000. However, the work-simplification program and a direct survey are reportedly resulting in the saving of the equivalent of 17 positions per year. These savings should provide adequate funds for new or expanding activities and reclassifications, and only a small increase for automatic salary advances is recommended. The estimate of \$990,000 has been reduced to \$928,000 in the bill.

No new positions are requested for the Office of the Third Assistant Postmaster General, and the increase requested is attributed to automatic salary advancements and costs of normal personnel turn-over. This appears to be excessive, and only part of the requested increase is provided in the bill. The amount of \$1,350,000 is recommended, a reduction of \$12,000 below the estimate of \$1,362,000. The preliminary report of the Committee on Post Office and Civil Service indicates that more modern mechanical devices and methods could be applied to the systems under this Office with resultant savings. To increase such mechanization, which the committee feels is highly important, \$400,000 of the appropriation for miscellaneous supplies and equipment has been reserved for the acquisition of machines for activities under the jurisdiction of the Third Assistant Postmaster General.

The increase requested for the Office of the Fourth Assistant Postmaster General would provide for 35 additional employees, including 16 to restore positions abolished under recommendation of the committee last year and 19 new positions. Increases for the Topography Division are not deemed justified. Map reproduction methods now used appear to be antiquated and should be modernized with resultant savings in cost. Two additional positions appear to be justified for the Division of Post Office Quarters, but the increase recommended for administering the vehicle service is not approved by the committee. The vehicle service badly needs improved administration, but manpower for augmenting the archaic methods and policies now prevailing with respect to this service would be merely nurturing obsolescent operating concepts. One engineer and one additional stenographer appear to be justified for the Division of Public Buildings Operation. Less than half the increase requested for this office is provided in the bill. The estimate of \$823,000 has been reduced to \$752,000 in the bill.

The estimate of \$250,000 for the office of the Solicitor is approved in full, as there is considerable work to be done on rail- and air-mail rates. The Solicitor should continue to intervene for the Department in all transportation rate cases, and should be constantly alert to the possibility of initiating petitions for transportation rate reductions.

The office of the Chief Inspector, for which the estimate of \$408,100 was reduced to \$405,000, has been granted a small increase over 1948, and the estimate of \$85,000 for the office of the Purchasing Agent is approved in full.

The Bureau of Accounts has had unused balances in its appropriation in each of the past 2 years, and the expenditures in the first part of 1948 are less than the amount available. The estimate of \$525,000 has been reduced to \$485,000. The committee encourages the saving of unnecessary funds, but, based on the recent experience of this office, feels that a reduction of the 1949 estimate is in order.

Part of the increase requested for contingent expenses has been provided in the bill. The estimate of \$204,300 has been reduced to \$160,000. The increase for furniture is based, in part, on additional employees requested for various bureaus. As these increases have not been granted, additional furniture for them will be unnecessary. Funds for the purchase of 200 typewriters will not be necessary in view of the provision contained in title I of the bill. The amount contained in the bill for contingent expenses is based on the rate of expenditure during the first 5 months of the current year.

Two million dollars has been provided for printing and binding for the Department and postal service, which is an increase of \$50,000 over the amount appropriated in 1948 but a reduction of \$228,000 in the estimate of \$2,228,000 for 1949. In the interest of economy, the Post Office Department should make every effort to hold this expenditure down, and the exercise of better control of printed forms in the field service appears possible. The increased estimate is due partly to increased printing costs, which must be considered, but also to increased volume in printing, which can be controlled.

Inspection service

Appropriation, 1948.....	\$6,493,000
Estimate, 1949.....	6,641,100
Recommended in bill, 1949.....	6,541,000

The Bureau of the Budget reduced the amount requested for salaries of inspectors because permissive promotions were being made too fast, and no provision is made in the personnel tabulation for lapses occasioned by personnel turn-over. While the

committee is not inclined to recommend reductions which would reduce the number of inspectors to be employed, by decreasing the number of permissive promotions and eliminating funds to compensate for unused balances which remained in previous years, a reduction in the estimates for 1949 can be made. This has been carried out in the bill. Similar considerations are applicable with respect to appropriations for travel and miscellaneous expenses and clerks of the inspection service. No justification for increasing the appropriation for payment of rewards has been submitted, in the opinion of the committee.

Compensation to postmasters

Appropriation, 1948.....	\$87,470,000
Estimate, 1949.....	88,470,000
Recommended in bill, 1949.....	87,900,000

There is an estimated unused balance in this appropriation for 1948 in the amount of \$1,331,000, so the increase requested for 1949 actually amounts to \$2,331,000. There were unused balances in 1945 and 1946, showing a tendency to overestimate this item. The estimate of \$88,470,000 has been reduced to \$87,900,000.

While salaries of postmasters generally follow the trend of postal receipts, they do not fluctuate in direct proportion thereto. Therefore, the current rising trend of revenue does not necessarily call for an equivalent increase in this appropriation. It should be pointed out that salaries of postmasters are fixed by statute, and the amount of the appropriation does not in any way affect the salary of any postmaster.

Assistant postmasters

Appropriation, 1948.....	\$12,800,000
Estimate, 1949.....	12,850,000
Recommended in bill, 1949.....	12,500,000

The Bureau of the Budget reduced the Department's estimate for funds under this item by \$1,650,000. There have been in each of the past 3 years unused balances in amounts appropriated for this purpose, and during the first half of 1948 actual expenditures have run at a rate below the total funds available. Increased postal receipts have a very minor effect on the salaries paid to assistant postmasters. In view of the foregoing, a reduction of \$350,000 below the estimate of \$12,850,000 has been effected in the amount recommended for this item.

Clerks, first- and second-class post offices

Appropriation, 1948.....	\$487,400,000
Supplemental estimate, 1948.....	34,600,000
Estimate, 1949.....	531,000,000
Recommended in bill 1949.....	530,000,000

This appropriation is highly sensitive to the volume of mail and service transactions, and the increased volume of postal business justifies the appointment of new regular clerks as requested by the Department. However, it is doubtful, in view of the shortage on eligibility registers of applicants for regular positions, that the Department can convert substitutes to regulars as rapidly as it anticipates and desires. Therefore, the estimate of \$531,000,000 has been reduced by \$1,000,000. Increases in overtime and night-work differential are requested, and every effort should be made to hold compensation for such work at a minimum. In addition, it is hoped that the Postmaster General will utilize his wide knowledge of the postal system to the fullest possible extent in controlling allowances to postmasters, thereby saving as much as possible of the funds provided for this purpose. The increase of the amount provided for 1949 exceeds by \$7,000,000 the total amount estimated to be necessary in 1948.

Contract station service

Appropriation, 1948.....	\$3,500,000
Estimate, 1949.....	3,800,000
Recommended in bill, 1949.....	3,500,000

This program in the long run accomplishes savings in postal expenditures. It is doubtful, however, that the Department has use for the full amount requested for 1949. The Bureau of the Budget reduced the amount requested by \$300,000. Unused balances have run between \$200,000 and \$350,000 per year in the past 3 years, and the amount provided for 1948 seems adequate for the coming year. Therefore the estimate of \$3,800,000 had been reduced by \$300,000.

Separating mail and unusual conditions

Appropriation, 1948.....	\$205,000
Estimate, 1949.....	221,400
Recommended in bill, 1949.....	205,000

High percentages of the amounts appropriated for these functions in recent years have been unused, leading to the conclusion that the Department overestimates the amounts necessary. Therefore, the committee does not consider the increases requested as justified, and the amounts contained in the bill are the same as those provided for 1948, which represents a reduction of \$17,400 below the 1949 estimate of \$221,400.

Clerks, third-class post offices

Appropriation, 1948.....	\$24,000,000
Estimate, 1949.....	26,000,000
Recommended in bill, 1949.....	25,500,000

There were unused balances in this appropriation in each of the past three fiscal years. Testimony indicates that the total number of third-class post offices decreased in 1946 and 1947, with an estimated decrease in 1948. While the process of increasing the number of regular clerks in third-class post offices, as distinguished from substitute clerks, is continuing, the number of regular clerks which are being appointed is in excess of the number of substitutes converted to regulars, which, in effect, creates new positions amounting to about \$1,900,000. Owing to the decline in the number of third-class offices and the unduly low estimates of lapses resulting from personnel turn-over, the committee recommends that the estimate for 1949 be reduced by \$500,000.

Detroit River postal service

The 1949 estimate of \$12,750 is recommended for this service. The Department should explore the possibility of having operators of the vessels served supply this service, or the use of helicopters.

Carfare and bicycle allowances

Appropriation, 1948.....	\$2,125,000
Supplemental estimate, 1948.....	175,000
Estimate, 1949.....	3,000,000
Recommended in bill, 1949.....	2,800,000

If the supplemental appropriation request for 1948 for this purpose is granted, the 1949 estimate will exceed the 1948 appropriations by \$700,000. The committee is not convinced that such an increase is justified; although in view of the fact that city-delivery service has necessarily been expanded, some increase in carfare and bicycle allowances is in order. The amount provided in the bill is \$200,000 less than the budget estimate, and the increase granted over 1948 should be used primarily to facilitate the extension of city-delivery service. The Department should make a thorough survey of possible means of getting carriers to their routes without use of public transportation systems. With a fleet of vehicles as large as that possessed by the Post Office Department, such should be possible and should result in considerable savings.

City-delivery carriers

Appropriation, 1948.....	\$295,300,000
Supplemental estimate, 1948.....	20,000,000
Estimate, 1949.....	326,000,000
Recommended in bill, 1949.....	326,000,000

The estimate for 1949 for this appropriation is more than \$10,000,000 in excess of the amount appropriated plus the supplemental

estimate for 1948. This is based on the increased volume of mail and also on the extension of city-delivery service required for delivery of mail to new housing projects throughout the country. Many housing projects for veterans and their families, as well as for the general public, are being located in suburbs. This has required thousands of extensions in city-delivery routes and is not offset by declines in the existing number of routes serving older municipal areas. The committee feels that the estimate for 1949 is entirely justified.

Special-delivery service

Appropriation, 1948.....	\$14,750,000
Supplemental estimate, 1948.....	750,000
Estimate, 1949.....	17,000,000
Recommended in bill, 1949.....	16,000,000

The cost of special-delivery service was greatly increased following enactment of Public Law 134 (79th Cong.), which put special-delivery messengers on a salary basis and provided hourly rates for the use of automobiles. The estimate for 1949 exceeds the amount appropriated for 1948, plus the supplemental estimate for 1948, by nearly \$2,000,000. The Department has stated that it contemplates the discontinuance of delivery reports on special-delivery mail, which would lead to considerable economy. The estimate reflects an increased amount for hiring of substitute messengers. The committee feels that the amount estimated for 1949 is excessive, and has provided a reduced amount in the bill. Savings should be possible by the discontinuance of delivery reports and curtailing use of substitutes. The committee expects to inquire further into this matter next year.

The committee has received correspondence from various persons interested in the special-delivery service which implies that the Post Office Department is not giving the most careful attention in the operation of the special-delivery service. The complaints allege that the Department desires by inflating the cost under Public Law 134 to ultimately cause its repeal. The committee is unable to affirm the accuracy of such allegations and hopes they are unfounded. The Department is urged to do everything possible to keep the cost of this service at a minimum with a view not only of reducing Government expenditures, but to silencing any unfair criticism.

Rural delivery service

Appropriation, 1948.....	\$131,167,000
Estimate, 1949.....	135,719,000
Amount recommended in bill, 1949.....	135,719,000

The estimate for 1949 reflects an increase of \$4,552,000 over the amount provided for 1948. The increased volume of mail, together with construction of new housing, justifies the requested increase in this appropriation. It is highly important that the Department continue its survey relating to the consolidation of rural routes and that it effectuate all possible consolidations so as to reduce the cost of this service.

Star-route service

Appropriation, 1948.....	\$23,213,000
Supplemental estimate, 1948.....	765,000
Estimate, 1949.....	25,501,000
Recommended in bill, 1949.....	25,501,000

The appropriation for star-route service formerly related only to star routes within the continental limits of the United States. A separate appropriation was previously made for star-route and air-mail service in Alaska. A rearrangement of appropriations has included in this item overland star-route service both within the continental limits of the United States and in Alaska, and has transferred the cost of Alaskan air-mail transportation to the appropriation for domestic air-mail service.

Increases in this appropriation for 1949 are based on the necessity for instituting new star routes and extending present star routes

to supplement delivery of mail to points not served at all by railroads or served on inadequate train schedules. Star-route contracts expiring during the fiscal year 1949 are also estimated to be at increased rates when relet, owing to the increased cost of operating and maintaining vehicles. Also, in view of the fact that the law under which contracts for star-route service are let provides that contractors may cause their contracts to be readvertised, it is estimated that new contracts let in 1949 under this provision of law will reflect marked increases.

The Department plans an expansion of the highway post-office service wherever possible to substitute for discontinued rail service, and there is a greatly accelerated trend in the discontinuance of railroad service in many parts of the country at the present time. Highway post-office service is proving to be a comparatively economical and efficient method of moving mail, and the committee reiterates its prior approval of the expansion of this service.

One hindrance to the establishment of highway post-office service in many parts of the country is the absence of Government garages, which are necessary for upkeep and maintenance of the vehicles used. It was testified that the Department had contacted operators of bus lines in an effort to have them bid on operating highway post offices. The committee feels that every effort should be made to encourage bus operators to undertake this service in order that their garage and other facilities might enable the establishment of this type of service in areas where railway service is either inadequate or not available, and in cases where railway service proves more expensive than highway service.

Railroad transportation

Appropriation, 1948.....	\$145,000,000
Supplemental estimate, 1948..	59,920,000
Estimate, 1949.....	165,881,000
Recommended in bill, 1949.....	165,881,000

The appropriation for 1948 and the estimate for 1949 were based on railroad-mail rates in effect up to December 1948 and the anticipated volume of mail to be transported in the respective periods. The volume of mail has increased substantially in 1948, by more than 13 percent over that estimated before the fiscal year began, which accounts for \$22,144,000 of the supplemental estimate for 1948. In December 1947 the Interstate Commerce Commission ordered an interim increase of 25 percent in railroad-mail rates retroactive to February 19, 1947. The fiscal 1948 portion of this increase amounts to \$37,775,820, as reflected in the supplemental estimate. As the estimate for 1949 was prepared prior to the date this rate increase was ordered, it will most likely be inadequate for 1949 operations. The full amount of the budget estimate is provided in the bill.

Special contracts with railroads are authorized by statute for transportation of mails where the Postmaster General believes special conditions warrant higher rates. Testimony reveals that there were six such special contracts in effect as of July 1, 1947, providing for an annual increase over regular rates in amount of \$111,763. The committee questions the necessity for such special contracts, and desires that the Department undertake a survey to ascertain the possibility of their discontinuance.

New streamlined railway-post-office cars, which have proved very satisfactory to the postal service, are being put into operation. The Department should endeavor to obtain the use of additional new and more economical cars.

Railway mail service, salaries

Appropriation, 1948.....	\$104,100,000
Supplemental estimate, 1948..	3,900,000
Estimate, 1949.....	109,195,000
Recommended in bill, 1949.....	109,188,000

The increase in the estimate for 1949 amounts to \$1,195,000 more than the appro-

priation for 1948 and the supplemental estimate for 1948. Approximately 500 positions will be converted from substitute status to regular, which occasions very little increase in total cost but should improve efficiency. The principal item of increase for 1949 is automatic salary increases. Owing to the increased mail volume the amount provided in the bill equals the estimate for 1949, except for a minor reduction of \$7,000. The Department requested authority to employ one general superintendent at large for the highway-post-office service. The committee does not agree that this position is necessary and accordingly has reduced the estimate to offset the elimination of the position. The Department did a commendable job in substantially reducing the cost of overtime and is urged by the committee to continue such reduction.

Foreign mail transportation

Appropriation, 1948.....	\$19,500,000
Supplemental estimate, 1948..	14,600,000
Estimate, 1949.....	23,842,000
Recommended in bill, 1949.....	23,842,000

The transportation of mail to foreign countries by steamship is paid for by this appropriation. The volume of such mail has increased in the first 5 months of 1948 by more than 80 percent over the equivalent months of fiscal 1947. This great increase is attributable principally to the sending of gift parcels of food and clothing to foreign countries. A number of bills have been introduced in Congress providing that gift parcels for foreign relief would be accepted by the Post Office Department at reduced rates or free of postage. If such legislation is enacted, the Department estimates that the volume of this type of mail will increase tremendously over the unprecedented quantities currently being sent. The amount recommended in the bill does not include estimates for postage-free or reduced-rate mail, but is predicated on the high volume of foreign mail already experienced.

Balances due foreign countries

Appropriation, 1948.....	\$8,250,000
Estimate, 1949.....	3,250,000
Recommended in bill, 1949.....	3,000,000

This appropriation provides a fund from which advances are made to United States-flag air carriers for amounts due them for transporting air mail from foreign countries to the United States. There is a lag in the payment by foreign countries for such service. This fund permits the Department to advance funds to American carriers in anticipation of such payments, and all advances are subsequently recovered. Although the estimate for 1949 was reduced in the bill, a provision in the bill establishes a continuing revolving fund without fiscal year limitation, making \$8,000,000 available for this purpose in 1949.

Foreign air-mail service

Appropriation, 1948.....	\$40,500,000
Estimate, 1949.....	26,583,000
Recommended in bill, 1949.....	19,500,000

The amounts necessary for pay of air carriers from this appropriation have not been definitely ascertainable since the end of the war, owing to the fact that the Civil Aeronautics Board has not activated all certificated routes or established final rates for all overseas American-flag carriers. Of the amount appropriated for 1948, more than \$13,000,000 is being held in suspense pending action by the Board. No accurate estimate can be made at this time as to the amount needed for 1949, and the amount requested in the budget has been reduced to a figure more in keeping with probable requirements. It is understood, of course, that if and when the Civil Aeronautics Board activates routes certificated or establishes final or increased rates for carriers, the Department will submit supplemental estimates.

Domestic air-mail service

Appropriation, 1948.....	\$47,000,000
Estimate, 1949.....	35,583,000
Recommended in bill, 1949.....	32,000,000

The 1949 estimate for this appropriation includes \$1,117,373 for the operation of routes in Alaska certificated by the Civil Aeronautics Board. The estimate is based on the assumption that there will no increase in air-mail rates paid to carriers by the Civil Aeronautics Board, and upon an assumed 25-percent increase in volume in 1949 over 1948. The Department stated that the amount required for payments to air carriers is partly dependent upon carriers' revenues from sources other than mail pay, and if other revenues are higher in 1949, payments from this appropriation could be considerably lower in 1949. All air lines now have rate applications pending with the Civil Aeronautics Board, and the budget estimate is little more than a guess. A reduction in the estimate is reflected in the bill, it being understood that rate rulings by the Civil Aeronautics Board might require supplemental appropriations.

Manufacture of stamps

Appropriation, 1948.....	\$9,400,000
Estimate, 1949.....	9,911,000
Recommended in bill, 1949.....	9,335,000

The requested increase for the printing of postal cards appears justified. Testimony reveals that commercial establishments are among the heaviest users of 1-cent postal cards. The Department is required by statute to sell and accept for delivery 1-cent cards, but the committee doubts that it was the intent of the Congress to require the handling of such cards at less than cost for commercial and advertising purposes. The total cost of printing, handling, and delivery of such cards is in excess of the revenue obtained from their sale, and it is presumed that the legislative committee on postal matters will take cognizance of this fact. Although there has been a 10-percent decrease in the sale of stamped envelopes in 1948, the estimate for 1949 contemplates the manufacture of 79,000,000 more envelopes in 1949 than in 1948. Metered mail, which does not require funds from this appropriation, is increasing by leaps and bounds, and although in very small proportion, sales of stamps have decreased in 1948. Therefore, no adequate justification for an increased appropriation has been made with respect to this item, and the amount provided in the bill represents a small decrease below the 1948 amount.

Post-office supplies and equipment

Appropriation, 1948.....	\$6,500,000
Supplemental estimate, 1948..	815,000
Estimate, 1949.....	7,850,000
Recommended in bill, 1949.....	7,158,000

The supplemental estimate for 1948 is based upon the increased cost of supplies and equipment since the original 1948 estimate was prepared more than a year and a half ago. The increase in the estimate for 1949 reflects price increases with respect to the supplies and equipment requested, and exceeds the 1948 appropriation plus the estimated 1948 supplemental by \$535,000. The Department had 18,748 typewriters on hand as of July 1, 1947, and the estimate includes funds for the purchase of 2,500 typewriters in 1949 at a cost of \$207,700. This amount is unnecessary in view of the provision in title I of the bill. The data furnished in support of the estimate also indicated increased purchases of other office machines, and increased amounts of a miscellany of supplies.

Although recognizing that increased prices on purchases must be paid, no adequate justification of the need for increased quantities of such equipment and supplies has been made, and the amount provided in the bill is a reduction of \$692,000 below the budget estimate.

The requested elimination of the provision earmarking funds for the purchase of modern postal devices does not seem advisable. This proviso was originally inserted at the request of the Third Assistant Postmaster General, according to testimony by the Department, and if it is eliminated, it is most likely that no new mechanical devices will be obtained. It is highly important that labor-saving devices be installed to reduce the cost of operations. The committee has observed that certain elements in the Office of the Fourth Assistant Postmaster General appear to be consistently opposed to modernization of postal operations, which is lamentable. The Post Office Department of the United States is one of the largest business operations in the world, and its costs are mounting faster than its revenues are increasing. Every effort to mechanize and streamline its operating methods must be encouraged to the maximum, and it is hoped that officials who do not advocate improvements will not be permitted to obstruct progress.

In its preliminary report, entitled "Survey and Study of the Postal Service" (H. Rept. No. 1242, 80th Cong., 2d sess.), the Committee on Post Office and Civil Service indicated that important savings might be effected by the mechanization of mail-separating operations, and \$100,000 has been earmarked in the bill for initiating such a program.

Equipment shops

Appropriation, 1948.....	\$6, 700, 000
Supplemental estimate, 1948....	425, 000
Estimate, 1949.....	12, 907, 250
Recommended in bill, 1949.....	12, 800, 000

These shops, which are used for the manufacture of mail bags and locks, have produced savings compared to purchases of such equipment from commercial suppliers. During the war large numbers of bags and pouches were lost and damaged in the transmission of mail to the armed forces overseas, and the shortage of sacks is a serious problem to the Department. The need for new mail sacks and repairs to old sacks is thoroughly justified, and providing the funds requested for this purpose should lead to very large savings next year. Some difficulty was experienced in fiscal 1947 and preceding years in securing competent personnel. The committee believes that competent personnel will not be available to carry out the ambitious program the Department has planned, and a reduction of the estimate has been effected on this account.

The Department desires to expand its shop facilities for the manufacture and repair of sacks and locks. Legislative authority is necessary before an appropriation for this purpose can be made, and the legislative committee now has the matter under consideration. As evidence of the economy involved in the operation of such shops, the Department points out that it is currently paying for one class of sack an average of \$3.20 each. Their shops can manufacture the same type sack at present for \$2.32. Considering the millions of sacks needed by the Department, it would appear that additional shop facilities would be a sound investment.

Vehicle service

Appropriation, 1948.....	\$38, 500, 000
Supplemental estimate, 1948....	3, 277, 000
Estimate, 1949.....	42, 914, 000
Recommended in bill, 1949.....	42, 000, 000

The total truck fleet of the Department is 10,218 units, of which 7,733 are more than 10 years old, 6,856 are more than 15 years old, 189 are more than 20 years old, and 90 are more than 25 years old. Obviously, the cost of operating vehicles which have been in service for such periods of time is entirely uneconomical. The Department recommends that the entire fleet be replaced as soon as possible, and estimates that the pres-

ent cost of replacing all vehicles is \$22,700,000. Of the total sum required, \$4,514,000 is available in 1948, and the estimate of \$4,400,000 for 1949 is recommended by the committee in the bill. The balance necessary to effect complete replacement is \$13,786,000.

The committee is in general agreement that the entire fleet should be replaced with new vehicles in the interest of economy. However, there are many other factors in the operation of the vehicle service which need attention in the interest of economy and efficiency. The officials in charge of this service seem to be inordinately reluctant to discuss this service from a constructively critical point of view. It is well known that the vehicle service has performed in a highly commendable manner. During the war especially it had a remarkable record of maintaining difficult schedules and operating under the most trying conditions. However, the service is not operated in such manner that unit costs are ascertainable, and it is impossible without adequate cost data to eliminate inefficient operations and take advantage of modern improvements in repair and maintenance methods. The vehicle service operates 90 service garages without the benefit of hydraulic lifts for greasing and repairs. Greasing equipment is reported to be not the most economical type. First-aid facilities in garages were testified to be of standard types, and the Public Health Service has never been requested to survey such facilities for their adequacy. The director of the safety program should put the vehicle service at the top of his list in undertaking his new program in the Department, and the committee desires to have a thorough and objective report on the safety standards in garages and all other operations of the vehicle service.

Although funds were made available on July 1, 1947, for the purchase of approximately 2,000 trucks, no orders had been placed as of December 11, 1947, when the committee held hearings on the bill. In view of the urgent need for new vehicles, it is difficult to understand why bids were not solicited much sooner. The committee has been informed that the Department rigidly adheres to specifications which have been in effect for many years when purchasing trucks, which prevent some manufacturers who have modernized their designs from bidding. This reduces competition in the bidding on Government purchases, and denies the taxpayers price advantages inherent in a competitive system. Bids were opened in January 1948 for supplying approximately 1,400 trucks for which appropriations were available on July 1, 1947. Only one supplier bid to supply these trucks as complete units, obviously owing to the arbitrary insistence of the Department on outmoded specifications. The early delivery of trucks ordered in fiscal 1947, and the prompt procurement of trucks for which funds have been appropriated in 1948 and recommended for 1949, will permit the Department to replace more than half its present fleet.

The estimate of \$42,914,000 for 1949 has been reduced in the accompanying bill to \$42,000,000 in anticipation of a reduction in maintenance costs and other economies which can be effected. The Postmaster General should see to it that the oldest and most uneconomical trucks are completely disposed of when new equipment is obtained. The committee will not look with favor upon deficiency or supplemental estimates for operating the vehicle service in the future unless full advantage has been taken of all possible economies.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in the bill are recommended:

On page 8, lines 7 and 8, under "Bureau of the Public Debt, Treasury Department": "including not to exceed \$3,750,000 for promoting the sale of savings bonds."

On page 21, beginning at line 10 and continuing through line 25, page 22, under "Bureau of Federal Supply, Treasury Department":

"No part of any money appropriated by this or any other act shall be used during the fiscal year 1949 for the purchase, within the continental limits of the United States, of any typewriting machines (except bookkeeping and billing machines)."

"Each agency in the executive branch of the Government (which shall include all departments, independent establishments, and wholly owned Government corporations) is authorized and directed (1) to report within 30 days after the enactment of this act, or by July 1, 1948, whichever is the later, to the Director of the Bureau of Federal Supply the total number of typewriting machines in the possession or custody of such agency and the number thereof surplus to its requirements, and (2) to surrender and ship such surplus typewriting machines as the Director of the Bureau of Federal Supply may direct. Costs of packing and shipping hereunder shall be charged to the general supply fund. Each agency shall furnish the Director of the Bureau of Federal Supply such information regarding typewriting machines as he may from time to time request. The Bureau of Federal Supply is authorized and directed to receive and hold all typewriting machines surrendered to it hereunder and to distribute same to any of such agencies as the Director of the Bureau of Federal Supply may determine."

"The Director of the Bureau of Federal Supply is authorized and directed at such times as he may determine to be necessary to survey and determine the number and kinds of typewriters which are at any time surplus to the requirements of any agency. Upon such determination the Director of the Bureau of Federal Supply is authorized to direct, upon such notice and in such manner as he may prescribe, the head of any agency to surrender to the Bureau of Federal Supply any and all typewriting machines, surplus to its requirements, and such determination and direction by the Director of the Bureau of Federal Supply shall be final and conclusive upon all agencies, officers, and employees of the executive branch of the Government of the United States."

"The Director of the Bureau of Federal Supply is authorized to charge each agency to which typewriting machines are supplied hereunder amounts equal to the fair value thereof, as determined by him, and such amounts shall be credited to the general supply fund."

On page 32, lines 10 through 20, inclusive, under "Balances due foreign countries, Post Office Department": "Provided, That there shall be established immediately, by transfer of \$5,000,000 from the appropriation for 'Balances due foreign countries' for the fiscal year 1948, a revolving fund which shall be available without fiscal year limitation for advances to air carriers for the transportation of air mail from foreign countries to the United States as authorized by section 2 of the act of July 27, 1940 (49 U. S. C. 485b), and payments hereafter received from foreign countries on account of air carriers for the transportation of air mail from foreign countries to the United States shall be credited to such fund."

On page 34, lines 9 and 10, under "Miscellaneous supplies and equipment, Post Office Department": "and of which \$100,000 shall be available exclusively for mechanizing devices for separation of mails."

Comparative statement of the appropriations for 1948, the estimates for 1949, and amounts recommended in bill for 1949

PERMANENT INDEFINITE APPROPRIATIONS

Object	Appropriations, 1948	Estimates, 1949	Increase (+) or decrease (-)
General and special funds:			
Interest on deposits of public moneys of Government of Philippine Islands.....	\$2,766,667	\$3,100,000	+\$333,333
Pershing Hall memorial fund.....	5,083	5,083	-----
Interest on the public debt.....	5,200,000,000	5,250,000,000	+50,000,000
Statutory public debt retirements.....	818,509,810	624,763,000	-193,746,810
Total, general and special funds.....	6,021,281,560	5,877,868,083	-143,413,477
Trust funds:			
Federal old-age and survivors insurance trust fund.....	1,819,500,000	1,896,774,000	+77,274,000
Unemployment trust fund.....	1,404,050,100	1,416,611,930	+12,561,830
Payment of unclaimed moneys.....	100,000	100,000	-----
American Samoa trust fund.....	1,500	1,500	-----
Puerto Rico trust fund.....	5,300	5,300	-----
Expenses, Prohibition Act, Puerto Rico and Virgin Islands.....	105,600	91,700	-13,900
Total, trust funds.....	3,223,762,500	3,313,584,430	+89,821,930

TITLE I—TREASURY DEPARTMENT

Object	Appropriations for 1948	Budget estimates for 1949	Recommended in bill for 1949	Increase (+) or decrease (-), bill compared with 1948 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1949
OFFICE OF SECRETARY OF TREASURY					
Secretary's Office, salaries.....	\$400,000	\$400,000	\$380,000	-\$20,000	-\$20,000
Personal or property damage claims.....	20,000	50,000	30,000	+10,000	-20,000
Penalty mail costs.....	6,700,000	6,350,000	5,900,000	-800,000	-450,000
Refunds under Renegotiation Act.....	7,500,000	3,250,000	2,000,000	-5,500,000	-1,250,000
Total, Office of the Secretary.....	14,620,000	10,050,000	8,310,000	-6,310,000	-1,740,000
Foreign funds control, liquidation.....	275,000	-----	-----	-275,000	-----
Division of Tax Research, salaries.....	200,000	141,400	110,000	-90,000	-31,400
OFFICE OF GENERAL COUNSEL					
Salaries.....	250,000	250,000	225,000	-25,000	-25,000
Contract settlement, salaries, and expenses.....	75,000	75,000	75,000	-----	-----
Total, Office of General Counsel.....	325,000	325,000	300,000	-25,000	-25,000
DIVISION OF PERSONNEL					
Salaries.....	127,000	127,000	120,000	-7,000	-7,000
Health service programs.....	75,000	75,000	70,000	-5,000	-5,000
Total, Division of Personnel.....	202,000	202,000	190,000	-12,000	-12,000
OFFICE OF CHIEF CLERK					
Salaries.....	326,000	326,000	300,000	-26,000	-26,000
Miscellaneous expenses.....	225,000	253,000	240,000	+15,000	-13,000
Printing and binding.....	35,000	(²)	-----	-35,000	-----
Total, Office of Chief Clerk.....	586,000	579,000	540,000	-46,000	-39,000
Treasury buildings, custodial force, salaries.....	650,000	650,000	645,000	-5,000	-5,000
FISCAL SERVICE					
BUREAU OF ACCOUNTS					
Salaries and expenses.....	1,016,000	1,505,000	1,475,000	+459,000	-30,000
Deposit of withheld taxes, salaries and expenses.....	460,000	(²)	-----	-460,000	-----
Printing and binding.....	60,000	(²)	-----	-60,000	-----
Disbursement, Division of:					
Salaries and expenses.....	9,935,000	10,070,000	10,000,000	+65,000	-70,000
Printing and binding.....	170,000	(²)	-----	-170,000	-----
Contingent expenses, public moneys.....	400,000	400,000	375,000	-25,000	-25,000
Recoinage of silver coins.....	200,000	150,000	150,000	-50,000	-----
Relief of the indigent, Alaska.....	14,000	18,000	18,000	-----	-----
Fund for payment of Government losses in shipment.....	-----	325,000	-----	-----	-325,000
Refund of moneys erroneously received and covered.....	700,000	700,000	700,000	-----	-----
Payment of certified claims.....	700,000	900,000	800,000	+100,000	-100,000
Total, Bureau of Accounts.....	13,655,000	14,068,000	13,518,000	-137,000	-550,000
BUREAU OF THE PUBLIC DEBT					
Administering the public debt.....	64,800,000	53,213,200	51,500,000	-13,300,000	-1,713,200
Distinctive paper for United States currency.....	1,113,000	1,300,000	1,300,000	+187,000	-----
Total, Bureau of the Public Debt.....	65,913,000	54,513,200	52,800,000	-13,113,000	-1,713,200
OFFICE OF THE TREASURER OF THE UNITED STATES					
Salaries and expenses.....	4,900,000	5,040,000	4,980,000	+80,000	-60,000
Printing and binding.....	140,000	(¹¹)	-----	-140,000	-----
Total, Office of the Treasurer.....	5,040,000	5,040,000	4,980,000	-60,000	-60,000
BUREAU OF INTERNAL REVENUE					
Salaries and expenses.....	188,000,000	188,000,000	186,736,000	-1,264,000	-1,264,000
Additional income tax on railroads in Alaska.....	3,500	4,500	4,500	+1,000	-----
Total, Bureau of Internal Revenue.....	188,003,500	188,004,500	186,740,500	-1,263,000	-1,264,000

Footnotes at end of tables.

Comparative statement of the appropriations for 1948, the estimates for 1949, and amounts recommended in bill for 1949—Continued

TITLE I—TREASURY DEPARTMENT—continued

Object	Appropriations for 1948	Budget estimates for 1949	Recommended in bill for 1949	Increase (+) or decrease (—), bill compared with 1948 appropriations	Increase (+) or decrease (—), bill compared with estimates for 1949
BUREAU OF NARCOTICS					
Salaries and expenses.....	\$1,430,000	¹³ \$1,434,000	\$1,450,000	+\$20,000	+\$16,000
Printing and binding.....	4,000	(¹³)		-4,000	
Total, Bureau of Narcotics.....	1,434,000	1,434,000	1,450,000	+16,000	+16,000
BUREAU OF ENGRAVING AND PRINTING					
Salaries and expenses.....	12,000,000	¹⁴ 12,830,000	12,000,000		-830,000
Printing and binding.....	5,000	(¹⁴)		-5,000	
Total, Bureau of Engraving and Printing.....	12,005,000	12,830,000	12,000,000	-5,000	-830,000
SECRET SERVICE DIVISION					
Departmental salaries.....	85,000	(¹⁵)		-85,000	
Suppressing counterfeiting and other crimes.....	1,550,000	(¹⁷)		-1,550,000	
Salaries and expenses.....		¹⁸ 1,715,000	1,715,000	+1,715,000	
White House Police:					
Salaries.....	372,900	(¹⁹)		-372,900	
Uniforms and equipment.....	9,000	(²⁰)		-9,000	
Salaries and expenses.....		²¹ 370,000	370,000	+370,000	
Treasury buildings, guard force, salaries and expenses.....	720,000	650,000	645,000	-75,000	-5,000
Printing and binding.....	8,000	(²²)		-8,000	
Reimbursement to District of Columbia.....	68,500	84,600	84,600	+16,100	
Total, Secret Service Division.....	2,813,400	2,819,600	2,814,600	+1,200	-5,000
BUREAU OF THE MINT					
Director's Office, salaries and expenses.....	185,000	(²³)		-185,000	
Salaries and expenses.....		²⁴ 4,691,000	4,500,000	+4,500,000	-191,000
Transportation of bullion and coin.....	22,500	5,000	5,000	-17,500	
Mints and assay offices, salaries and expenses.....	6,250,000	(²⁵)		-6,250,000	
Printing and binding.....	10,000	(²⁶)		-10,000	
Total, Bureau of the Mint.....	6,467,500	4,696,000	4,505,000	-1,962,500	-191,000
BUREAU OF FEDERAL SUPPLY					
Salaries and expenses.....	1,310,000	1,310,000	1,275,000	-35,000	-35,000
General supply fund.....		10,000,000		-10,000,000	
Printing and binding.....	170,000	170,000	150,000	-20,000	-20,000
Renegotiation rebates.....		²⁷ 140,000	125,000	+125,000	-15,000
Total, Bureau of Federal Supply.....	1,480,000	11,620,000	1,550,000	+70,000	-10,070,000
Total, Treasury Department, title I, regular annual appropriations.....	313,678,400	306,981,700	290,453,100	-23,225,300	-16,528,600

TITLE II—POST OFFICE DEPARTMENT

POST OFFICE DEPARTMENT, WASHINGTON, D. C.					
SALARIES					
Postmaster General, office of.....	\$375,000	\$406,600	\$395,000	+\$20,000	-\$11,600
Office of Budget and Administrative Planning.....	69,500	68,300	65,000	+5,500	-3,300
First Assistant Postmaster General, office of.....	1,115,000	1,200,000	1,162,500	+47,500	-37,500
Second Assistant Postmaster General, office of.....	²⁸ 1,033,500	990,000	928,000	-105,500	-62,000
Third Assistant Postmaster General, office of.....	1,332,500	1,362,000	1,350,000	+17,500	-12,000
Fourth Assistant Postmaster General, office of.....	712,500	823,000	752,000	+59,500	-71,000
Solicitor's office.....	250,000	250,000	250,000		
Chief inspector's office.....	400,000	408,100	405,000	+5,000	-3,100
Purchasing agent's office.....	83,800	85,000	85,000	+1,200	
Bureau of Accounts.....	500,000	525,000	485,000	-15,000	-40,000
Total salaries.....	5,861,800	6,118,000	5,877,500	+15,700	-240,500
CONTINGENT					
Miscellaneous expenses, Washington.....	145,000	204,300	160,000	+15,000	-44,300
Printing and binding.....	²⁹ 1,950,000	2,228,000	2,000,000	+50,000	-228,000
Total, contingent expenses, Washington.....	2,095,000	2,432,300	2,160,000	+65,000	-272,300
Grand total, Post Office Department, Washington, D. C.....	7,956,800	8,550,300	8,037,500	+80,700	-512,800
FIELD SERVICE					
OFFICE OF POSTMASTER GENERAL					
Travel and miscellaneous expenses.....	3,000	3,000	3,000		
Personal property claims.....	230,000	230,000	175,000	-55,000	-55,000
Adjusted losses and contingencies.....	³⁰ 130,000	80,000	75,000	-55,000	-5,000
Total, office of Postmaster General.....	363,000	313,000	253,000	-110,000	-60,000
OFFICE OF CHIEF INSPECTOR					
Inspectors' salaries.....	4,300,000	4,400,000	4,350,000	+50,000	-50,000
Traveling and miscellaneous expenses.....	960,000	983,100	958,000	-2,000	-25,100
Clerks at headquarters.....	1,178,000	1,188,000	1,178,000		-10,000
Rewards, payment of.....	55,000	70,000	55,000		-15,000
Total, office of Chief Inspector.....	6,493,000	6,641,100	6,541,000	+48,000	-100,100
FIRST ASSISTANT POSTMASTER GENERAL					
Postmasters.....	87,470,000	88,470,000	87,900,000	+430,000	-570,000
Assistant postmasters.....	12,800,000	12,850,000	12,500,000	-300,000	-350,000
Clerks, first- and second-class post offices.....	³¹ 487,400,000	531,000,000	530,000,000	+42,000,000	-1,000,000
Contract stations.....	3,500,000	3,800,000	3,500,000		-300,000
Separating mails at third- and fourth-class post offices.....	180,000	191,400	180,000		-11,400
Unusual conditions at post offices.....	25,000	30,000	25,000		-5,000
Clerks, third-class post offices.....	24,000,000	26,000,000	25,500,000	+1,500,000	-500,000
Miscellaneous items, first- and second-class post offices.....	3,600,000	4,000,000	3,850,000	+250,000	-150,000
Village delivery service.....	300,000	330,000	300,000		-30,000
Detroit River postal service.....	12,750	12,750	12,750		
Carfare and bicycle allowance including special-delivery carfare.....	³² 2,125,000	3,000,000	2,800,000	+675,000	-200,000
Letter carriers, city delivery service.....	³³ 295,300,000	326,000,000	326,000,000	+30,700,000	
Fees to special-delivery messengers.....	³⁴ 14,750,000	17,000,000	16,000,000	+1,250,000	-1,000,000
Rural delivery service.....	³⁵ 131,167,000	135,719,000	135,719,000	+4,552,000	
Total, Office of First Assistant.....	1,062,629,750	1,148,403,150	1,144,286,750	+81,657,000	-4,116,400

Footnotes at end of table.

Comparative statement of the appropriations for 1948, the estimates for 1949, and amounts recommended in bill for 1949—Continued

TITLE II—POST OFFICE DEPARTMENT—continued

Object	Appropriations for 1948	Budget estimates for 1949	Recommended in bill for 1949	Increase (+) or decrease (-), bill compared with 1948 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1949
FIELD SERVICE—Continued					
SECOND ASSISTANT POSTMASTER GENERAL					
Inland transportation:					
Star route service (transportation).....	\$22,500,000	\$25,501,000	\$25,501,000	+\$3,001,000	-----
Star routes in Alaska.....	713,000	(33)	-----	-713,000	-----
Steamboat or other powerboat routes.....	2,000,000	2,133,000	2,133,000	+133,000	-----
Railroad transportation and mail-messenger service.....	145,000,000	165,881,000	165,881,000	+20,881,000	-----
Railway Mail Service:					
Salaries.....	104,100,000	109,195,000	109,188,000	+5,088,000	-\$7,000
Travel allowance, railway postal clerks.....	5,000,000	5,237,000	5,237,000	+237,000	-----
Travel expenses, officials and supervisors.....	55,000	66,000	66,000	+11,000	-----
Miscellaneous expenses.....	450,000	510,000	490,000	+40,000	-20,000
Electric-car service.....	210,000	220,000	220,000	+10,000	-----
Foreign mail transportation (except air mail).....	19,500,000	23,842,000	23,842,000	+4,342,000	-----
Balances due foreign countries.....	8,250,000	3,250,000	3,000,000	-5,250,000	-250,000
Indemnities, international mail.....	15,000	20,000	15,000	-----	-5,000
Foreign air-mail transportation.....	40,500,000	26,583,000	19,500,000	-21,000,000	-7,083,000
Domestic air-mail transportation.....	47,000,000	35,588,000	32,000,000	-15,000,000	-3,588,000
Total, Office of Second Assistant.....	395,293,000	398,026,000	387,073,000	-8,220,000	-10,953,000
THIRD ASSISTANT POSTMASTER GENERAL					
Manufacture and distribution of stamps and stamped paper.....	9,400,000	9,911,000	9,335,000	-576,000	-576,000
Indemnities, domestic mail.....	3,321,000	3,898,000	3,775,000	-123,000	-123,000
Unpaid money orders.....	1,000,000	1,017,000	900,000	-100,000	-117,000
Total, Office of Third Assistant.....	13,921,000	14,826,000	14,010,000	+89,000	-816,000
FOURTH ASSISTANT POSTMASTER GENERAL					
Stationery, equipment, and supplies.....	6,500,000	7,850,000	7,158,000	+692,000	-692,000
Equipment shops.....	6,700,000	12,907,250	12,800,000	+6,100,000	-107,250
Rent, light, and fuel.....	13,907,000	15,000,000	14,500,000	+500,000	-500,000
Pneumatic-tube service (New York and Boston).....	700,000	744,700	740,000	+40,000	-4,700
Vehicle service.....	38,500,000	42,914,000	42,000,000	+3,500,000	-914,000
Transportation of equipment and supplies.....	620,000	1,090,000	1,000,000	+890,000	-90,000
Public buildings, maintenance and operation:					
Operating force.....	44,750,000	44,685,000	44,600,000	-150,000	-85,000
Operating supplies.....	6,850,000	7,500,000	7,320,000	+470,000	-180,000
Furniture, etc.....	750,000	1,185,000	950,000	+200,000	-235,000
Total, Office of Fourth Assistant.....	119,277,000	133,884,950	131,068,000	+11,791,000	-2,816,950
Total, field service.....	1,597,976,750	1,702,094,200	1,683,231,750	+85,255,000	-18,862,450
Total, Post Office, departmental.....	7,956,800	8,550,300	8,037,500	+519,300	-512,800
Total, title II.....	1,605,933,550	1,710,644,500	1,691,269,250	+85,335,700	-19,375,250
Grand total, titles I and II.....	1,919,611,950	2,017,626,200	1,981,722,350	+62,110,400	-35,903,850

¹ Excludes \$58,600 for activities transferred in the estimates to "Administering the public debt."

² Includes \$28,600 for activities previously carried under "Printing and binding, Treasury Department."

³ Estimate of \$28,600 for activities previously carried under this item has been transferred in the estimates to "Miscellaneous expenses, Treasury Department."

⁴ Includes \$527,207 previously carried under other appropriations.

⁵ Estimate of \$460,000 for activities previously carried under this item has been transferred in the estimates to "Salaries and expenses, Bureau of Accounts."

⁶ Estimate of \$60,000 for activities previously carried under this item has been transferred in the estimates to "Salaries and expenses, Bureau of Accounts."

⁷ Includes \$170,000 for activities previously carried under "Printing and binding, Division of Disbursement," and excludes \$7,207 for activities transferred to "Salaries and expenses, Bureau of Accounts."

⁸ Estimate of \$170,000 for activities previously carried under this item has been transferred in the estimates to "Salaries and expenses, Division of Disbursement."

⁹ Includes \$58,600 for activities previously carried under "Salaries, Division of Tax Research and Research and Statistics."

¹⁰ Includes \$140,000 for activities previously carried under "Printing and binding, Office of the Treasurer of the United States."

¹¹ Estimate of \$140,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Office of the Treasurer of the United States."

¹² Includes \$4,000 for activities previously carried under "Printing and binding, Bureau of Narcotics."

¹³ Estimate of \$4,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Bureau of Narcotics."

¹⁴ Includes \$5,000 for activities previously carried under "Printing and binding, Bureau of Engraving and Printing."

¹⁵ Estimate of \$5,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Bureau of Engraving and Printing."

¹⁶ Estimate of \$86,600 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Secret Service."

¹⁷ Estimate of \$1,620,400 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Secret Service."

¹⁸ Estimate of \$1,715,000 is a consolidation of "Salaries, Secret Service Division," "Printing and binding, Secret Service Division," and "Suppressing counterfeiting and other crimes."

¹⁹ Estimate of \$361,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, White House Police."

²⁰ Estimate of \$9,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, White House Police."

²¹ Estimate of \$370,000 is a consolidation of the appropriations, "Salaries, White House Police," and "Uniforms and equipment, White House Police."

²² Estimate of \$8,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Secret Service."

²³ Estimate of \$205,650 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Bureau of the Mint."

²⁴ Estimate of \$4,691,000 is a consolidation of the appropriations, "Salaries and expenses, Office of the Director of the Mint," and "Printing and binding, Bureau of the Mint."

²⁵ Estimate of \$4,475,350 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Bureau of the Mint."

²⁶ Estimate of \$10,000 for activities previously carried under this title has been transferred in the estimates to "Salaries and expenses, Bureau of the Mint."

²⁷ Estimate is for activities carried in the fiscal year 1948 under "Working fund, Bureau of Federal Supply, 1947," established by transfer from the War and Navy Departments, the U. S. Maritime Commission, and the Reconstruction Finance Corporation.

²⁸ Includes \$123,500 appropriated in Second Supplemental Appropriation Act, 1948.

²⁹ Includes \$350,000 appropriated in Second Supplemental Appropriation Act, 1948.

³⁰ Includes \$55,000 appropriated in Second Supplemental Appropriation Act, 1948.

³¹ Second Supplemental Appropriation Act, 1948, provides for 6-percent increase in quarterly apportionments and also 5-percent reduction of appropriation for transfer to other First Assistant Postmaster General field appropriations.

³² Includes \$325,000 appropriated in Second Supplemental Appropriation Act, 1948.

³³ Includes \$730,000 appropriated in Second Supplemental Appropriation Act, 1948.

³⁴ Includes \$2,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

³⁵ Second Supplemental Appropriation Act, 1948, provides for 4-percent increase in quarterly apportionments and also 5-percent reduction of appropriation for transfer to other Second Assistant Postmaster General field appropriations.

³⁶ Includes \$37,000 for activities previously carried under "Star route and air mail service, Alaska."

³⁷ Includes \$298,000 appropriated in Second Supplemental Appropriation Act.

³⁸ Estimates of \$1,154,373 for activities previously carried under this item have been transferred to other items.

³⁹ Includes \$300,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴⁰ Includes \$100,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴¹ Includes \$10,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴² Includes \$5,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴³ Includes \$35,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴⁴ Includes \$10,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴⁵ Includes \$1,117,373 for activities previously carried under "Star route and air-mail service, Alaska."

⁴⁶ Includes \$2,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴⁷ Includes \$1,221,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴⁸ Includes \$400,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁴⁹ Includes \$3,500,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁵⁰ Includes \$650,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁵¹ Includes \$2,000,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁵² Includes \$100,000 appropriated in Second Supplemental Appropriation Act, 1948.

⁵³ Includes \$100,000 appropriated in Second Supplemental Appropriation Act, 1948.

Mr. CANFIELD. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, this bill which we now have before us, making regular annual appropriations for the Treasury and Post Office Departments for fiscal 1949, comes to the House with a unanimous report again this year, both from the subcommittee and from the full committee. I am very proud of the subcommittee of which I am chairman. We have worked as a team for the past 2 years, no member ever taking a partisan approach, and each striving only to promote the cause of efficient and economical government. Our team will be broken up next year with the retirement from Congress of our senior member, the distinguished gentleman from Illinois [Mr. DIRKSEN]. While his retirement will be a severe loss to the entire country and to the Congress, it will be especially felt on this subcommittee. He has worked long and hard with us, always being a pillar of wisdom to whom the other members repaired for counsel and advice. Despite his illness he was instrumental in forming this bill. His grasp of budgetary problems, his knowledge of governmental activities, and his capacity for work are unsurpassed, and it will be most difficult, if it is possible, to replace him. I understand why Bruce Barton once referred to the gentleman from Illinois, EVERETT DIRKSEN, as a potential Abraham Lincoln.

The ranking minority member of the committee, my good friend and very able colleague, the gentleman from Virginia [Mr. GARY], who can always be counted on to do a thorough and sincere job in and out of Congress, has made great contributions to our work. He brings to the subcommittee a most helpful background of work in the field of taxation, through long practice as a tax attorney and tax official, and his previous service on the House Post Office and Civil Service Committee gives him a knowledge of that Department on which the rest of us frequently call. An outstanding Member of Congress, a true gentleman, I am more than pleased that he serves as ranking minority member of this subcommittee.

The gentleman from Ohio [Mr. GRIFITHS] and the gentleman from North Dakota [Mr. ROBERTSON], both able and conscientious, are men with practical business experience that makes their contributions to our deliberations invaluable. Both are outstanding public servants, have studied appropriation matters thoroughly and seriously, and are exceedingly well qualified for their assignments. The gentleman from Kentucky [Mr. BATES], a shrewd judge of character, possessor of a grand sense of humor, and endowed with a deep fund of common sense and the ability to get at the roots of our problems, and the gentleman from Washington [Mr. JACKSON], the newest member of the subcommittee, who brings to our sessions unusual legal talents and most helpful experience gained through his service on the House Post Office and Civil Service Committee, have both been faithful partners on our team, and have helped immeasurably in our work.

I also want to express my appreciation, and the thanks of the subcommittee, to our executive secretary, Mr. Claude Hobbs, who came to us last year and in the intervening period has very quickly and completely mastered the intricacies of this type of work, and who has done a most efficient and helpful job. His work has been of the highest caliber, and we are indebted to him.

Mr. Chairman, I have placed in the Record, just preceding these remarks, the committee report which accompanies H. R. 5770, the Treasury-Post Office appropriation bill for fiscal 1949. Details of the bill are explained fully therein, and I shall therefore touch only on the high lights of the measure. The bill carries appropriations of \$1,981,722,350 for the two Departments for fiscal 1949. The Budget estimates which were submitted to our subcommittee for consideration totaled \$2,017,626,200, so the amount reported represents a reduction in the estimates of \$35,903,850.

I want to emphasize the fact that the estimates submitted to us and on which we were empowered to act, under the rules of the House, amounted to only a little more than \$2,000,000,000. I say this because of certain irresponsible statements which have appeared in the press during the past 2 days charging that we considered estimates of \$11,000,000,000, and could only come up with a saving of a very minor nature. I am surprised that a Member of Congress would make such a statement. It certainly shows a woeful ignorance of the appropriating procedures of Congress.

The Presidential estimates do indicate that the Treasury will spend \$9,000,000,000 more in 1949 than this bill covers. The Budget is an expenditure budget. It lists estimated expenditures, not estimated appropriations. It contains items which do not require regular annual appropriations, but which are provided for by permanent appropriations. These permanent appropriations were fixed many years ago by Congress. For example, section 3689 of the Revised Statutes provides out of any moneys not otherwise appropriated, such amounts as may be necessary to pay the interest each year on the public debt. The money does not need to be provided in this bill. The Treasury could pay the interest on the public debt even if the Eightieth Congress failed to pass another appropriation bill. Section 201, title II, of the Social Security Act amendments, approved August 10, 1939, provides that each year amounts equal to 100 percent of the taxes, plus interest and penalties thereon received under the Federal Insurance Contributions Act shall be placed in the Federal Old Age and Survivors Insurance Trust Fund. The Treasury estimates that \$1,900,000,000 will be collected this year under this act, and will be paid into the trust fund. This money will be collected and paid into the trust fund even if this Congress fails to pass another appropriation act. In all, the Treasury could spend \$9,000,000,000 in fiscal 1949 without any further act of Congress. Indeed, it would require legislation to prevent such expenditures. The appropriations subcommittee is not

authorized to consider such legislation. If it were, we could have made reductions of close to \$1,000,000,000 in these estimates, for it is obvious, as I shall discuss later, that the President's estimates for such permanent and trust funds appropriations were greatly inflated. This situation, as it regards interest on the public debt, trust funds, and other permanent appropriations, is not at all similar to the situation handled last year in connection with internal revenue refunds and four other indefinite appropriations which were made definite. These were indefinite annual appropriations, not indefinite permanent appropriations.

Two or three years ago Congress decided to place in the bill annual indefinite appropriations covering certain refunding and claims items. For example, the bill would state that for the fiscal year 1947, the Treasury was authorized to expend such funds as might be necessary to refund internal revenue collections. This had to be carried each year. It did not fix any amount, just such funds as might be necessary during a certain year. Last year the committee and the Congress were unanimous in passing the bill; recommended that this annual appropriation be made definite rather than indefinite. It did not change the annual status of the item. Instead of appropriating "such funds as might be necessary during fiscal 1948," it put in a fixed sum for 1948. As I said on the floor of the House at that time, this did not mean the saving of a single dollar to the taxpayers. It merely made for greater budgetary accuracy and clarity. But this fixed sum must appear in the bill each year. While it is not contained in the measure now before us, because the committee feels it advisable to wait until more up-to-date figures are available, such an appropriation for refunding internal revenue collections will be presented to Congress before the start of fiscal 1949.

I regret that it has been necessary for me to take the time of the House to give this somewhat detailed and technical explanation, but I felt it was necessary because of the unfounded statements appearing in the press yesterday. In this instance, I do not criticize the newspapers for printing the statement which was given to them. I do, however, have grounds for criticism of some papers for an entirely erroneous story about this bill which appeared Tuesday evening. As a former newspaperman I realize the difficulties and the tribulations of reporters here on Capitol Hill. I am frequently amazed at their ability to do such an excellent job under existing conditions. They have an enviable record for accuracy and objective reporting. Nonetheless, they do err.

There was a story, in connection with this bill, appearing on page 1 of the Washington Times-Herald of last Tuesday, March 9. The headline reads, "Funds to protect Truman lacking." The lead of the story says:

President Truman faced the prospect today of being without adequate police protection during his campaign for reelection.

The headline is inaccurate, unfounded, and untrue. This bill gives the Secret Service every penny it requested for fiscal 1949. Secret Service asked for \$1,715,000. This bill carries \$1,715,000 for Secret Service. If that is not enough money to afford adequate protection for the President, the fault lies not with the Congress, but with the President and the Treasury for not asking for sufficient funds. The Bureau of the Budget, which is a Presidential office, did cut the Service's estimates by \$24,000, but directed the cut at nonautomatic promotions. Congress has not cut at all. This bill allows 11 new positions. The Chief of the Secret Service, Mr. Maloney, who is doing an excellent job, and I had the following colloquy during the hearings. It appears on pages 296 and 297. I asked the question:

Mr. Maloney, is the President, in your opinion, receiving adequate protection at the present time?

He answered:

I would say, "Yes." We have cut down, Mr. Chairman, since last year, but I think it is satisfactory.

I then asked:

Will the amount requested for 1949, in your opinion, provide adequate protection to the President during the new fiscal year?

The answer, by the Chief of the Secret Service, was "Yes."

My next question was:

Have ample provisions been made to protect the President during the forthcoming campaign?

Mr. Maloney replied:

I would like to say that if the President is a candidate, I do not believe we can guarantee to keep within the bounds of the money we have requested for 1949.

The Chief did not say he would not have enough money for a campaign. He said he would not guarantee the Secret Service could keep within the bounds of the money requested. Naturally, if Secret Service should find it needed more funds for this purpose, it would come to Congress with a supplemental request, and I feel sure that Congress would be very generous in its treatment of such a request. But now we have provided all that was requested. So the story that adequate funds to protect the President are lacking is not true.

Most of the publicity on the bill has dealt with the report on the Bureau of Internal Revenue. It is a very thorough and comprehensive report. It paints a sordid picture. It exposes waste, inefficiency, corruption, and criminality. I want to compliment our Chief Investigator, Mr. Robert E. Lee. He has done a great job and a dangerous job. His life has been threatened; he has received phone calls threatening to blow his brains out. In spite of that, he and his staff have made a very thorough, impartial study. Mr. Lee served for 10 years with the FBI, holding the title of Inspector at the time of his resignation.

I am sure that most of the Members have read the newspaper revelations of this report, so I shall not discuss it in detail. I do want to say that the action which Congress took last year in cutting

the Bureau's appropriations by \$20,000,000 was fully justified and the report proves it. The President's 1948 budget estimated internal-revenue collections would be \$36,200,000,000. When Congress cut the appropriation, the President issued a statement saying it would cause the loss of \$400,000,000 in revenue. Instead of that, as Secretary Snyder revealed yesterday, revenue collections have jumped to \$40,000,000,000. The report reveals duplication of work, performance of unnecessary and unessential duties, inefficient personnel, and lack of proper supervision. The committee has requested the Hoover Commission on Reorganization of the Executive Agencies to give the highest priority to its study of Internal Revenue. I hope it will be able to find some way to divorce politics from the Bureau. This political control of such a great revenue-raising agency, roundly condemned in the report, is a cancer in the body of our Government. It makes no difference what political party is in control of the Government. Internal Revenue offices should not be the mainspring of the spoils system. It will be extremely difficult to correct the present sordid conditions in the Bureau until this political patronage control is removed. The Commissioner is powerless to enforce his administrative orders on collectors because they are political appointees. Many of the collectors are trying to do a conscientious job. Some, unfortunately too many, look upon their offices merely as a headquarters for their political activities.

Actual criminal violations have come to light in some offices. Some employees have already been convicted. Other questionable practices have been uncovered.

It is indeed a sordid picture, but the most amazing thing about it is that the Bureau has indicted itself. The remarks on the various collectors' offices in the report are not the investigators' but are taken from the reports on file in the Bureau. You can read on pages 88 through 146 of the hearings reports on these collectors' offices, many of them damning, none of them presenting a picture of efficient, outstanding administration. These reports were not written by the Appropriations Committee or its staff. They were written by officials of the Bureau of Internal Revenue, whose job it is to survey field offices and report thereon. These reports were submitted to Washington, and then apparently filed and forgotten. The supervisors reported to Washington last year that there were 714 unsatisfactory or below average employees in various collectors' offices. The Bureau took no action. When questioned in our hearings about these, Bureau officials were not even familiar with the records. In the office in Birmingham, Ala., the supervisor, a Bureau employee, reported that 35 deputy collectors were below average. That report was dated July 9, 1947. As of February 24, 1948, 24 of those 35 below average deputy collectors were still on the rolls. In Louisville, Ky., 14 deputy collectors were reported as below average on March 17, 1947. On February 24,

1948, 12 were still on the rolls as deputy collectors. In Dallas, Tex., the Bureau's supervisor found 30 unsatisfactory deputy collectors. Twenty-two are still deputy collectors. Bear in mind that these below average and unsatisfactory deputy collectors were so marked by Bureau supervisors. The situation in Wilmington, Del., is of interest. The cashier there has recently been convicted and sentenced to prison, having been found guilty of embezzlement. Had the Bureau been alert the man would not have had the opportunity to embezzle for so long a time. The supervisor reported to the Bureau in October 1946 that the cashier was lacking in administrative ability, and did not give him a generally satisfactory report. The Bureau took no action. The assistant cashier, in November 1946 reported to the collector that there were discrepancies in the cashier's accounts. The collector took no action. One month later, in December 1946, the Bureau's auditors went to Wilmington for their regular audit. The collector did not advise them that irregularities had been reported to him, and the auditors did not report any discrepancies. Meanwhile, the cashier was taking funds for his own use, and during the period between November 1946 and May 1947 he obtained \$2,900. It was not until May 28, 1947, that the collector called in the supervisor and reported the shortages to him. The supervisor immediately wanted to suspend the cashier, but the collector demurred. It was not until June 3, 1947, that the Bureau was notified and the cashier suspended. It had not yet been determined why the collector failed to report the irregularities that had been called to his attention, or why the auditors failed to find the discrepancies that existed at that time. The total shortage amounted to \$38,000, covering a period dating back to 1940. That is but one example to show that the Bureau is not alert in protecting the revenues nor efficient in its operations.

As I have said, the Bureau this year brazenly disregarded the directives of the Congress in applying the \$20,000,000 reduction in its appropriations, and the evidence, gentlemen, more than justifies the reduction we made. This year the committee has cut the estimates \$1,264,000 for 1949, and has written into the bill provisions which assure that the funds will be spent for the purposes intended. Last year no part of the cut was applied to Washington, but was placed entirely in the field. A limitation therefore has been inserted in this bill providing that not to exceed \$16,000,000 can be expended for personal services at the seat of the Government. This forces a cut of \$530,000 on the Bureau here. A further limitation has been inserted so that not to exceed \$18,000,000 may be spent throughout the service for objects other than personal services, which is a reduction of \$734,000 from the amount the Bureau requested. As these were the only reductions made the Bureau will not this year be able to reduce the field service or the enforcement arm. It is unfortunate that Congress must spell out for the administrative heads of the executive agencies the manner in which appropriations can be used for the best interests of

the country, but such action has been proven necessary and we would therefore be remiss in our duties if we did otherwise.

I mentioned that savings could be made in some of the estimates for permanent and trust-fund appropriations if the committee had authority to do so. It appears that the budget estimates of expenditures under permanent appropriations are inflated. These matters are receiving further study, both in the committee and in the Department, but being permanent indefinite appropriations we were powerless to take action in this bill.

When Secretary Snyder was before the committee, he admitted that the budget estimates contained \$890,000,000 for accrued interest on savings bonds. While that may be a sound accounting practice, it does not reflect cash expenditures, as do other items in the budget. The basis for asking this money is based on the theory that all holders of savings bonds could come into the Treasury on any one day and redeem their bonds. If they did so, this \$890,000,000 would be needed to pay the accrued interest on the bonds. But it is fairly obvious that all bondholders are not going to come in on any one day, or even in any one year, and redeem their bonds. Therefore, this entire amount will not be expended, and the balance will theoretically go into a reserve fund. It is not, therefore, an expenditure in the fiscal year 1949, and should not be shown in an expenditure budget. It is estimated that \$469,721,964 of this amount which is charged as interest is actually an increase in the public debt. In a similar category is interest on trust funds not paid out but converted into Treasury bonds, thus adding to the public debt and not a drain on Treasury cash. So also are Federal grants to the various trusts which appear in the budget as cash items but which actually are increases in the public debt. In all, \$2,117,713,000 included in the estimates does not represent cash expenditures. This is an increase in the public debt and not a current cash item. It inflates the estimated expenditures by that much.

Another saving that could be made is in the railroad retirement fund. Under the Railroad Retirement Act the entire amount of the railroad tax which goes to the fund becomes available at the beginning of the fiscal year, although the bulk of the tax money does not come into the Treasury until the year is far advanced. Over 27 percent is received during the last quarter. Under the present arrangement the total amount less an agreed amount—\$73,416 in 1948—for payment of benefits is converted into 3-percent special bonds which draw interest for the full year. This adds nearly \$12,500,000 to the budget. It would not impair the fund nor the payment of benefits to take the more sound position of not paying interest before the principal is collected.

During the past year the average balance in the Treasury exceeded \$3,500,000,000. During February and March 1947 it reached \$7,000,000,000, and was never below three billion at the close of

business for any month. On March 8, last Monday, it was \$3,570,000,000. It is not necessary to maintain such large balances in relation to total Government expenditures, and a reduction of each billion dollars of balance by redemption of debt will save \$20,000,000 of interest. Savings could be made there if the Treasury so desired.

The Federal trust accounts in the Treasury have grown from \$10,000,000,000 in 1942 to \$33,500,000,000 as of October 1, 1947. Interest on these funds has grown from \$254,500,000 in 1942 to \$749,000,000 in 1947, and will be approximately \$940,000,000 in 1949. These trusts have grown because of the high interest rate the Government pays, such rate being far out of line with prevailing interest rates on demand deposits and short-term money, because of low demands for benefits, and high Federal grants. The Secretary of the Treasury testified, and we have discussed these problems with him, that the funds are being accumulated in accordance with the statutes passed by Congress. As a result, the money is not now being amassed on an actuarial basis. If it were, the amount of the Federal grants could be reduced considerably, with a resultant savings. This is a matter entirely up to Congress, and it may be that the Treasury will soon make recommendations along these lines. It is estimated that adjustments on these funds could be made, through congressional enactments, which would save an estimated \$433,000,000 per year in interest, and \$380,000,000 per year in Federal grants, a total estimated savings of \$813,000,000 per year. It should also be borne in mind in connection with these trust funds that the cost of servicing them amounts to approximately \$14,500,000 per year. These costs are an added charge to the expenses of the Treasury, and consequently to the taxpayers.

The bill we have before us carries appropriations of \$1,981,722,350. All regular annual appropriations for the post office are included, but in the case of the Treasury, the committee has left four items for consideration in connection with a future supplemental bill. Two of these agencies, the Coast Guard and Customs, have been the subject of management surveys conducted by outside experts during the past year. The reports of these surveys have only recently been submitted, and consideration of the 1949 estimates was therefore postponed so that the committee could study the reports and the Department would have an opportunity to take necessary steps to institute the suggested programs. Because complete and up-to-date figures are not yet available, the item for refunds of internal revenue collections has also been postponed, as has the item for purchase of strategic and critical materials, which will require considerably more study. Rather than delay action on other items, particularly the Post Office appropriations, it was decided to present this bill at this time and a supplemental bill later. I can assure you that the committee will offer the supplemental bill at the earliest possible date, although it is not possible now to say when that will be.

As the report points out, the two Departments covered are service agencies, and their appropriations are based on demands made on them by the public and by other Government agencies. With these demands at a high level, there is little possibility of making drastic reductions in the budget estimates. The fiscal services of the Government must be maintained, and the mail must be delivered. Therefore, the committee must necessarily limit the reductions it can make to removing waste, duplication, and inefficiency. To the best of our ability this has been done, and it is the unanimous opinion of the subcommittee that this bill will permit efficient and complete service on the most economical basis possible.

This bill contains \$290,453,100 for the Treasury Department. This is a reduction of \$16,528,600 from the budget estimates, and \$23,225,300 less than was appropriated for the corresponding items in the Treasury for 1948.

The largest reduction the subcommittee made in the estimates for the Treasury Department was through elimination of a request to increase the capital of the General Supply Fund, in the Bureau of Federal Supply, by \$10,000,000. The committee determined that the Fund was sufficiently capitalized at \$8,000,000, which other committee members will explain.

Only three other bureaus or agencies in the Treasury sustained cuts in excess of \$1,000,000. One was the office of the Secretary, where reductions in the four items making up the appropriations for the office were cut \$1,749,000. However, \$1,700,000 of this reduction was applied against two nonadministrative items: Penalty mail and refunds under the renegotiation act, on both of which the evidence disclosed tremendous overestimating in past years. Last year renegotiation refunds were overestimated by 750 percent.

The second bureau cut over \$1,000,000 was Internal Revenue, which I have already mentioned.

The third large reduction was made against the Bureau of the Public Debt, and amounted to \$1,713,000 which on a percentage basis is only a small part of the \$53,000,000 granted this Bureau. The committee, however, did not approve entirely of the costly expanded program which the Treasury intended to undertake in connection with the sales of savings bonds.

There can be no argument against the sale of bonds, especially as a move in the fight against inflation, but the committee could not go along with such unfettered spending of the taxpayers' money as proposed. It was felt that just as many bonds could be sold with a more efficient and less-expensive campaign. Other members of the committee will discuss this in more detail.

Reductions in varying amounts were considered possible and were made in most items of the bill, but one item was increased over the estimates. That was for the Bureau of Narcotics, which will receive \$16,000 more than requested. This increase was made after careful study, and was based on the necessity,

endorsed particularly by General MacArthur, for acceleration of the fight against the illicit narcotics traffic on foreign fields. This additional money will be used, the Commissioner has assured us, to fight the drug traffic at the source, in the Orient and in Europe. The committee is convinced that it is a very wise expenditure. We have great faith in the Commissioner, Dr. Harry J. Anslinger, a world-renowned authority in this field. The United States is fortunate indeed to have him heading its Narcotics Bureau.

For many years, the Treasury appropriation bill has carried a limitation on the price which could be paid on typewriters purchased by any Government agency. The typewriter companies have been seeking to have such a limitation lifted, and after hearings on the subject last year the committee caused an investigation to be made into the typewriter inventories of the Government. It was learned that on August 15, 1947, there were 848,567 typewriters, both standard and electric, owned by the Federal Government. This would provide one typewriter for every 2.5 Government employees, and what is even more shocking, 3.6 typewriters for every clerk and typist on the Government rolls. It was also learned that the typewriter companies were not selling the Federal Government because of these price limitations, and that many agencies are purchasing large numbers of electric typewriters, at very high prices, to get around the limitation. Therefore, in view of the great number of typewriters presently at hand, the subcommittee has altered the typewriter section of the bill to provide that no typewriters, standard or electric, can be purchased by the Government during the fiscal year 1949. It is also provided that should a reallocation of the typewriters on hand be necessary, such emergency transfers as may be necessary can be ordered by the Bureau of Federal Supply. At the suggestion of the gentleman from Massachusetts [Mrs. Rogers] the committee is gladly providing an exception to this prohibition so that Braille typewriters may be furnished blind veterans.

Before turning to the post office appropriations, I would like to take a moment to express the pleasure of the subcommittee, as well as my own, on the appointment of a career man to head the Post Office Department. Personally—and I know the other members of the subcommittee all join me—I want to commend the President for his appointment of Jesse M. Donaldson as Postmaster General. Mr. Donaldson brings to his position not only long and honorable experience in the postal service but also a great love for his work. His is truly an American success story, for he started at the bottom of the ladder, as a substitute carrier, and worked his way to the top. As I told him when he first appeared before the subcommittee in his new capacity, he has an opportunity to become the greatest Postmaster General in our history. He has the heartiest and best wishes of the committee and, I am sure, of the Congress.

Mr. Donaldson takes office at a time when the volume of postal business is at

an all-time high, and is still moving upward. In the first 6 months of fiscal 1948 postal revenues were up 12.4 percent over the previous year, which itself set new high records. The Christmas mail this last December was 11.08 percent over Christmas 1946. Although the President's budget estimated that the postal deficit would be \$325,500,000, the latest estimates are that it will reach \$345,000,000. Although revenues are increasing, demands for service are rising even more rapidly, and correspondingly the deficit is becoming greater each year. For the month of December 1947 alone the deficit was \$30,000,000. Only first-class mail now shows a profit. The merited and deserved pay increases which our postal workers are now justifiably requesting will, if passed—and I, for one, hope they will be—further increase the deficit. Congress must face this problem in the very near future, and determine whether or not rates will be increased or the deficit continued. The investigation of the post office undertaken by the House Post Office Committee will be helpful. The management survey ordered by the Hoover commission should also be an aid. There is no question but what there are archaic and wasteful practices in the Post Office Department. Elimination of these would reduce the deficit. Elimination of unessential expenditures, which this committee is trying to do, is another method, although service cannot be curtailed, and will not be under this bill. Yet, among other things, pending applications by the railroads for rate increases, and by all the air lines for permanent rates, expenditures are bound to rise. The situation calls for the serious consideration of Congress.

The bill contains \$1,691,269,250 for the Post Office Department. Although this is a reduction of \$19,375,250 from the estimates, it is \$85,335,700 more than has been appropriated for the postal service in 1948. The reduction made in the estimates amounts to only 1.1 percent. As indicated in the report, postal revenues and the volume of mail is at a record high, and still climbing.

The committee, after considering these facts, and in the light of demands from the public for improvements and extensions of service, came to the conclusion that it was not possible to reduce by very much the budget estimates for this Department. Therefore, no reduction was made in the estimates for city delivery, rural delivery, the railway mail service, or star-route service. For such services, the Department has been granted all it requested, which will permit hiring over 4,000 additional people for these services. The reductions that have been made in other estimates are mostly in the administrative branches of the Department, and in the estimates for air-mail service, both foreign and domestic. Reductions in air-mail service funds will not affect present service. However, the subcommittee does not see the wisdom in appropriating large sums, running into tens of millions of dollars, which can be used only if the Civil Aeronautics Board should hand down permanent rates sometime during the year.

If the Board should hand down such rates during fiscal 1949, a supplemental appropriation will undoubtedly be required, but the funds granted by this bill are sufficient to operate at present levels and will eliminate the tremendous unobligated balances which have piled up in these air-mail items in recent years, running as high as \$19,000,000.

Generally, other reductions have been made possible through the refusal to permit new administrative and clerical positions requested, and the scaling down of nonoperating supplies which the Department desired to purchase.

It is felt that the amount recommended for the post office will be ample to improve the service and to take care of all requirements of the Department which can be foreseen at this time.

This bill is the result of hearings which started last November. Much study and research has gone into it. We of the subcommittee believe it is a fair bill, providing adequate service, yet protecting the taxpayer against unnecessary drains on his pocketbook. I hope the House will pass it in its present form.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield to the gentleman from Texas.

Mr. TEAGUE. I have received a number of complaints from the post offices in my district that it is impossible to get typewriters. Can the gentleman tell me something about the status of the typewriters in the Post Office Department?

Mr. CANFIELD. Impossible to get typewriters?

Mr. TEAGUE. That is right. Also, some state that these typewriters are 25 and 30 years old, and that they are almost impossible to use.

Mr. CANFIELD. That is very revealing. That is not the testimony before our committee, neither by the Post Office Department nor by the Treasury Department. Our inventory shows there is one typewriter for every 2.5 workers in the Federal service, and there are 3.6 typewriters for every stenographer on the pay roll. I should be glad to go into that situation for the gentleman.

Mr. TEAGUE. I have some correspondence to prove that.

Mr. CANFIELD. I shall be glad to have that correspondence and walk down to the Post Office Department to see what is wrong in your particular city or town.

Mr. TEAGUE. Good. I would like to go with you.

Mr. CANFIELD. There are sufficient typewriters. There are surpluses in all the branches of the executive departments today. There is no question about that.

Mr. TEAGUE. I thank the gentleman.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield.

Mr. ANDERSON of California. The gentleman will recall that on numerous occasions I have discussed with him the difficulties confronting California and other Pacific Coast States as a result

of the tremendous increase in population during the war and since the war. What consideration did the subcommittee give to that particular subject during the course of the hearings?

Mr. CANFIELD. At the request of the members of the California delegation, particularly the gentleman from California [Mr. ANDERSON], the subcommittee discussed with the Postmaster General the postal service in that particular State. The testimony on that is on page 23 of the hearings. California's population has increased so rapidly—43 percent since 1940—that it makes it a very special problem. I can assure the gentleman that the Post Office Department is doing its best. I think this bill will be helpful in improving service in his State. Postmaster General Donaldson assured the subcommittee that the Department was not stinting the California post offices on their allowances. Their greatest problem is delivery service. Part of this difficulty is because of the shortage of civil-service eligibles. This bill provides for additional personnel. More than 4,000 people can be added to the rolls of carriers and clerks. We have given the post office all the aid they requested for delivery service. We also granted in full the estimates of the electric-car service which is important to mail deliveries in the Los Angeles area; since half of that appropriation goes to the Pacific Electric Railway Co., the railway mail service has been granted its entire request. So no delay should be encountered in that service. The committee has been very generous with the post office, and I can assure the gentleman that this generosity was predicated on the need for public service in California. The bill provides the funds, and I am sure the Postmaster General will do all he can to make the necessary improvements.

Mr. ANDERSON of California. I thank the gentleman for his reply. I note with interest the colloquy that occurred between the chairman and Mr. Donaldson, which appears on page 23 of the hearings and subsequently. I share with the gentleman from New Jersey his admiration for this career man who has become Postmaster General of the United States. I hope, and I think the members of the committee join me in that hope that that will perhaps set a precedent in the appointment of postmasters in the future.

Mr. CANFIELD. I am glad to hear the gentleman from California make that statement, because when Mr. Donaldson appeared before us to justify his request, that is exactly the statement that I made. I said, "This is a precedent which I hope will be maintained in the future." I appreciate the statement made by the gentleman from California.

Mr. ANDERSON of California. I thank the gentleman. I note in this colloquy, particular reference is made to the southern part of the State and Los Angeles. We in the northern part of California acknowledge that there is a Los Angeles and a southern part of our State, but we also must call attention to the fact that these problems which are difficult for the southern part of the State are

also indicative of the same difficulties in the northern part of the State. If the gentleman will indulge me for just a moment, may I cite as an example one community or city in my congressional district, San Mateo, Calif., which lies about 25 miles south of San Francisco. In 1930 the postal receipts of that city were \$65,000. In 10 years, they increased to \$111,000. The postal receipts, in other words, doubled in 10 years. Then from 1940 to 1947 they increased from \$111,000 to \$286,000, which is almost two and a half times. I call the attention of the gentleman to that, because that is indicative of what is occurring in almost every city and community in the entire State of California. It poses an extremely difficult problem for postmasters in those areas because of the lack of adequate city delivery service and the lack of adequate postal facilities in the post offices themselves.

Mr. CANFIELD. I have spoken personally to Postmaster General Donaldson about the very problem that the gentleman from California is now discussing, as well as the problems that the other gentlemen from California [Mr. BRADLEY and Mr. JOHNSON] also discussed with me and members of our subcommittee. I know he is not going to let your people down. Most certainly we on this subcommittee and the Congress are not going to do that. If supplemental funds are needed, we are going to see that they are granted.

Mr. ANDERSON of California. We deeply appreciate the courtesy that the gentleman from New Jersey and his subcommittee has shown us.

Mr. BRADLEY. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield.

Mr. BRADLEY. I simply wanted to thank the gentleman from New Jersey for the consideration that he and his committee has given to California and to Los Angeles County, where our population is increasing at the rate of 15,000 a month from other parts of the United States.

Mr. CANFIELD. I thank the gentleman.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield.

Mr. JOHNSON of California. I want to concur in some of the statements made by my two colleagues from California. The example cited by the gentleman from California [Mr. ANDERSON] is typical of conditions in my own district. In the town of Fairfield the receipts have gone up 10 times in the last 10 years.

I also want to state that I concur in the view expressed by my colleague the gentleman from California [Mr. ANDERSON] and the gentleman from New Jersey [Mr. CANFIELD] regarding the appointment of career men in postal positions. I intend to make whatever recommendations I have to make in the future of career men whenever they are available to take these positions. That is an incentive that every career man in the Post Office has a right to look forward to and is entitled to, in my opinion. The gentleman knows that in the past, ap-

pointments were made on a political basis. There we gave the highest paid position in the Post Office to a man who did not know anything about the postal service and we spent all those high salaries in training him to do the job. I think that in the future we ought to lay down the policy that career men, wherever available, are going to have these top-ranking jobs in the post offices in the United States.

Mr. CANFIELD. I thank the gentleman. I quite agree.

While we are talking about career men, I think in all fairness I should discuss briefly another career man, inasmuch as I have been critical of the Bureau of Internal Revenue. The gentleman who now heads the Bureau of Internal Revenue, Mr. George J. Schoeneman, is a career man. More recently he was an aide secretary to President Truman. The President appointed him to take over Internal Revenue as Commissioner at the beginning of this fiscal year. He had had 25 years of service in that Bureau. We on the subcommittee know something of his background. He is characterful. He is able. He is loyal. He does not like the picture that I described to the House today. He does not like his inheritance. He took over that job at a most difficult time. I talked about it to him in my office on Capitol Hill not so long ago. He felt rather low when he heard some of these disclosures. I said to him then, "You, George Schoeneman, have an opportunity to become the greatest Commissioner of Internal Revenue in history and our subcommittee hopes you do become just that. You can clean up this situation and we want to help you. We are going to help you."

Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. The gentleman from Virginia [Mr. GARY] is recognized.

Mr. GARY. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. O'HARA]?

There was no objection.

Mr. O'HARA. Mr. Chairman, at various times my colleagues in the House are privileged to have as their guests distinguished groups from their districts. This morning it is my pleasure and honor to have as my guests the choir of the Gustavus Adolphus College, which has come to Washington to give a series of concerts in Washington.

The choir, under the able direction and leadership of Mr. Wilbur F. Swanson, conductor, and Mr. Ren Andersen, as manager, has established an outstanding national musical reputation. The choir will sing at Walter Reed Hospital this afternoon; a concert will be held at the Augustana Lutheran Church this evening at 8:30, and will also sing at Howard University tomorrow.

Tonight's concert has been sponsored by many Members of both the House and the Senate, as well as many other dis-

tinguished and outstanding patrons from diplomatic and official life here in Washington. We, in Minnesota, pridefully claim Gustavus Adolphus College as our own, yet it belongs to the Nation for, by reason of its splendid record of scholastic and educational achievement, it has attracted students from all over the United States. Among its distinguished alumni are our former colleague, the late Oscar Youngdahl, and the present chief executive of Minnesota, Gov. Luther Youngdahl.

It is indeed both a distinguished privilege and a musical treat to have this fine and wholesome group of young men and women from Gustavus Adolphus College as our guests in Washington.

Mr. GARY. Mr. Chairman, I yield myself such time as I may use.

The CHAIRMAN. The gentleman from Virginia is recognized.

Mr. GARY. Mr. Chairman, before discussing the merits of this bill, I would like to pay my respects to the able chairman of our subcommittee, the gentleman from New Jersey [Mr. CANFIELD]. I would like to say to this House that he is one of the finest gentlemen with whom I have had the pleasure of associating. He is an indefatigable worker, and he has given serious and conscientious study to every item of the bill which you are now considering. He has been ably assisted by Messrs. DIRKSEN, GRIFFITHS, and ROBERTSON, the other majority members. My Democratic colleague the gentleman from Kentucky [Mr. BATES] made a distinct contribution to the work of the committee, and although the gentleman from Washington [Mr. JACKSON] did not become a member of the committee until recently, he gives every promise of becoming a valuable member. Frankly, I think that it is an excellent committee, which accounts for the fact that we are presenting a unanimous report insofar as appropriations are concerned.

Our committee was ably assisted by Mr. Claude Hobbs, its executive secretary. Although he is a comparative newcomer to our staff, he quickly mastered the duties of his office. He is a young man of sound judgment and exceptional ability. Moreover, Mr. J. Palmer Murphy, the secretary to our chairman the gentleman from New Jersey [Mr. CANFIELD], was constantly in attendance upon our committee and made a substantial contribution to the preparation of our report.

There have been some substantial cuts in the appropriations of the two departments, but substantial cuts are necessary if we are going to reduce the tremendous Governmental expenditures, which are becoming a severe burden to our people. I do not believe that the reductions which have been made in this bill will seriously impair the efficiency of either the Treasury or the Post Office Departments.

I wish that I could end my remarks here, but certain things have happened in connection with the report of our committee which I do not believe a single member of the committee contemplated or approves. Last year the majority party of the House insisted upon slashing the appropriations for the Bureau of

Internal Revenue \$30,000,000. Twenty-five million dollars of this amount were restored by the Senate, but a cut of \$20,000,000 was finally agreed upon in conference and approved in both Houses. There was tremendous criticism of this action throughout the United States. The people realized that this was the Bureau responsible for ferreting out those unpatriotic citizens who had evaded their taxes even in times of war, and that a \$20,000,000 reduction in the appropriations of the Bureau would necessitate the discharge of thousands of investigators, greatly decrease the effectiveness of the Bureau, cause a loss of revenue, and permit a number of evaders to escape their just tax burden.

To counteract this unfavorable political reaction snoopers, who have been dignified with the name of investigators, were sent out to see what they could find on the Bureau of Internal Revenue. They spent, according to their own statement, approximately 700 man-days in their so-called investigation, and what did they find?

For one thing they found—and I quote:

The present Commissioner is well equipped to do his job.

They could not have found otherwise. The Honorable George J. Schoeneman became Commissioner of Internal Revenue on July 1, 1947, less than 1 year ago. He had previously served for 25 years in the Bureau, during which time he had been Deputy Commissioner and Assistant Commissioner. He left the Bureau in 1945, to accept the position as Administrative Assistant to the President of the United States, which he held until his appointment as Commissioner. He entered upon his duties at one of the most difficult periods in the history of the Bureau.

Mr. Chairman, I can appreciate the magnitude of his task. It was my privilege at one time to serve as the head of the Tax Department of the State of Virginia. I remember how arduous were those duties and yet they were insignificant as compared with the operation of the Federal Bureau which has branch offices throughout the entire United States, is handling over 90,000,000 tax returns and is collecting over \$43,000,000,000 a year. Incidentally, the cost of collecting this revenue was 43 cents per \$100, as compared with \$2.17 per \$100 in 1932, the last year of the previous Republican regime.

The new Commissioner has had his problems. He testified before our committee as follows:

We were also faced with another difficult personnel problem, by reason of the necessity of bringing our force in line with civil-service requirements. I am in full accord with the objectives of these requirements, but we cannot ignore their effect upon our administrative problems. We now have approximately 11,915 war-service appointees, who must qualify through competitive examinations if they wish to retain their positions. This means that many are likely to be displaced by other persons with little or no training for our work. Many have already been displaced by civil-service employees from other agencies. The resulting atmos-

phere of uncertainty and fear of dismissal tends to reduce efficiency and morale. In the face of this situation, many of the more promising and aggressive of our war-service appointees are leaving the service to accept offers in private industry.

It is inevitable that instances of inefficiency will exist in an organization of this magnitude, where so many of its employees have no security in their employment.

But let us consider specifically what the investigators found. They discovered in the basement of the Bureau building in Washington, five empty whisky bottles. Four of them were pint bottles, one a quart. Three were in one place, two in another. The investigators considered them of such importance that they took pictures and presented them to our committee. There was no evidence as to who placed them there. They could just as easily have been placed there by custodial employees of the Public Buildings Administration, or others who had access to the building. But this has been used as evidence to indict a Bureau of 50,000 employees of drinking on the job. The charge is, of course, ridiculous and the attempt to smirch the name of the Bureau on the basis of such evidence is inexcusable.

Again, the investigators complained of a snack bar. One little snack bar for 5,000 people in the Bureau building in Washington. It is not large enough to accommodate more than 100 people at any one time. Suppose everyone who went there spent as much as 20 minutes.

In the 5 hours that it is open it could not possibly accommodate more than a fraction of the Bureau employees even if it were filled to capacity at all hours, which I am sure that it is not. Why single out the Bureau of Internal Revenue in this respect, when every department of the Government, including our own legislative branch, maintains these quick-lunch counters for its employees. Not only is it the rule of government, but of private industry as well.

The Training Division of the Bureau is criticized. Some employees, it is said, are far behind in returning their work papers in correspondence courses pursued by them for their own improvement. These employees are trying to train themselves to perform more technical work as well as to improve their efficiency in their particular jobs. True some of them are late in getting their papers back, but after all this work is done on their own time and not the Government's time. They are not paid overtime wages to improve their knowledge. The surprising part is not that there are many who are late in getting in their papers, but rather that there are so many who have the ambition and energy to devote their off hours to serious study.

Criticism was directed at the fact that two women employees in Newark, N. J., in order to report completion of their daily quota of work, had thrown 400 tax returns down a drain pipe. These women were discharged from the Department, prosecuted, convicted, and sentenced in the courts. What more could the Department have done?

It is pointed out that in Hartford, Conn., officials in the office of the collector of internal revenue had been indicted for violations of the Hatch Act. That the cashier in the office of the collector of internal revenue in Wilmington, Del., was recently convicted of embezzlement. It would seem from these citations that the Bureau has been alert in discovering wrongdoing, and prompt in bringing the culprits to justice.

Many of the so-called findings of the so-called investigators are based on confidential reports of the Bureau's own field offices in which, as a matter of long-established practice, conditions which appear to need correcting are called to the attention of the officials in Washington. To facilitate proper action, absolute frankness is the rule in the preparation of these reports. They are departmental memoranda for the use of Bureau officials and it is necessary to detail names and circumstances in order that a fair appraisal may be made. Manifestly, these reports are not written with a view toward publication. If they were, they would not serve the purpose intended. Many of these reports have been reproduced in full and released to the public press, to the injury of some faithful employees in the eyes of their associates as well as in their community.

In fact, Mr. Chairman, this political smear of the Bureau of Internal Revenue has done more to destroy the morale and efficiency of that Bureau than the \$20,000,000 cut in revenue did last year. Cooperation of taxpayers is an essential element in the collection of taxes. We have close to 60,000,000 people in this country who pay one or more types of Federal taxes. Many of these taxes are complex in character and require a considerable amount of cooperation and patience in their declaration and payment. Millions of these people are this very day standing in long lines in every major revenue office throughout the country seeking assistance in the filling out of tax forms.

Unwarranted charges such as those which have been broadcast throughout the land shake the confidence of our people in the Bureau and in their Government. Moreover, they discredit the efforts of approximately 50,000 employees of the Bureau, who through the years by their industry, impartiality, and devotion to duty have built up a reputation for honesty and efficiency, of which they are justly proud. It is deplorable that this reputation has been besmirched on such flimsy and trivial evidence.

Mr. CANFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BREHM. Mr. Chairman, first I want to congratulate Mr. J. A. Krug, Secretary of the Interior, and Mr. Newton B. Drury, Director of the National Park Service, for so wisely spending part of the money which we appropriated for printing, in publishing the duofold de-

scribing and illustrating the Mound City Group National Monument which is located in Ross County and which is one of the five counties comprising the congressional district which I have the honor to represent. I am pleased that public attention is thus being focused on this prehistoric group of Indian mounds in southern Ohio and I sincerely trust that the time is not far distant when some of the artifacts which have been removed from these mounds and which are at present reposing in the Ohio State Museum will be returned to the place from whence they came and displayed in a suitable museum which we hope to see erected at the site of the Mound City National Monument. I am pleased to report, Mr. Chairman, that plans for a suitable museum building are included in the master plan of the National Park Service and I sincerely trust that material costs and a scarcity of materials may soon be overcome, and that the Congress will see fit to appropriate sufficient funds in order to construct a suitable building at this site and thus perpetuate this historic landmark to future generations.

Of course, Mr. Chairman, it is impossible to include with my remarks the illustrations and photographs accompanying this duofold or the map drawn by Mr. H. L. Golder. However, I do want to include the written portion and sincerely trust that those who are interested in our historic landmarks will take the time to not only read a description of this historic site but also to stop and pay us a visit on their way through Chillicothe, Ohio:

**MOUND CITY GROUP NATIONAL MONUMENT—
A PREHISTORIC GROUP OF INDIAN MOUNDS
IN SOUTHERN OHIO**

THE HOPWELL PEOPLE

Before the first white man set foot upon the Western Hemisphere, over 450 years ago, an Indian civilization, scattered over the region of the Mississippi River and its tributaries and now referred to as the Hopewell culture, had flourished and disappeared. The term "Hopewell", which archeologists have assigned to these prehistoric Indians, comes from the Hopewell-mound group, located in Ross County, Ohio, not far from Mound City Group National Monument. Being the first remains of its kind to be explored, the name of this site came to be applied to all other remains of the same prehistoric culture. The origin of the Hopewell people, one of the most advanced prehistoric societies north of Mexico, is not known, but probably as early as 1000 A. D. they had developed their highly specialized civilization in the area of southern Ohio.

The Hopewell people are best known for their high artistic achievements and for their practice of erecting mounds of earth over the remains of their dead. From the extraordinary wealth of burial offerings found in the mounds, archeologists have learned a great deal about these prehistoric people. They were outstanding among the American Indians as artists and craftsmen, and worked with a great variety of material foreign to Ohio. Copper from the Lake Superior region was used for breastplates, head-dresses, earspools, and other ornaments and ceremonial objects. Stone tobacco pipes were beautifully carved to represent the bird and animal life around them. From obsidian, a volcanic glass brought from the Rocky Mountain region, they made delicately chipped ceremonial blades. Fresh water pearls from local streams, quartz and mica from the Allegheny Mountains, ocean shells from the Gulf of

Mexico, grizzly bear teeth from the West, all were used in making the beautiful and elaborate pieces buried with the dead. Pottery of excellent workmanship was made, and even woven fabric of bark and other wild vegetable fibers has been found, preserved through contact with copper objects. Animal bone was used extensively, and wood must also have been important in the manufacture of implements and utensils.

The Hopewell people apparently lived in small villages near rivers and streams, often some distance from their mounds, which must have been used chiefly as ceremonial centers. Though it is believed that they knew how to raise corn and may have had simple gardens, their diet was augmented by the hunting of wild animals and the gathering of wild fruits and vegetables. Though their culture was widespread, and made use of materials obtained by travel and trade in distant parts of North America, the evidence of their remains suggests that they were a peaceful and more or less sedentary people. Possibly this was one of the reasons for the disappearance of their culture. But whether it was due to conquest by more warlike tribes, or disintegration from within, or a combination of various factors, the Hopewell culture flowered for a period and then passed away.

EXPLORATION AND EXCAVATION OF MOUND CITY

The Mound City group consists of a rectangular earth enclosure approximately 13 acres in extent, within which are located 24 burial mounds. The earth walls of the enclosure vary in height from 3 to 4 feet, with an entrance or gateway on both the east and west sides. The largest mound in the group was described by early observers as 17½ feet high and 90 feet in diameter, but it is somewhat smaller today. All the mounds are conical in shape, with the exception of one which is elongated. Just outside the enclosure are two additional mounds, and several depressions from which material was taken for constructing the walls and mounds.

The site was mapped and partially excavated in 1846 by two explorers, E. G. Squier and E. H. Davis. The results of their extensive survey of prehistoric earthworks, Ancient Monuments of the Mississippi Valley, appeared in 1848 in the first publication of the newly founded Smithsonian Institution. Although many of the mounds had been noticed by earlier explorers, the work of Squier and Davis was the first detailed study of the prehistoric structures in the Mississippi Valley, and is a milestone in American archeology.

The excavations at Mound City by Squier and Davis produced a great many spectacular objects, most interesting of which were a large number of stone tobacco pipes, many being realistically carved in the images of birds, animals, and the human head. These objects, first acquired by the Blackmore Museum, in England, were later transferred to the British Museum, London.

During the First World War the area comprising Mound City was occupied by Camp Sherman. At the close of the war the Ohio State Archeological and Historical Society in 1920 and 1921, conducted extensive excavations at the site, supplementing the information secured by Squier and Davis. A few years later the society restored the earthworks to their present appearance and developed the tract into a State memorial. The final excavation of the site by the society brought to light many interesting details of the construction and purpose of the mounds, and yielded many fine artifacts typical of the Hopewell culture. Examples of these objects are now on exhibit in the Ohio State Museum at Columbus.

Since Mound City was primarily a ceremonial center for the disposal of the dead, much of the information obtained from its excavation concerns the burial customs of the people. The site of each mound was originally occupied by a wooden structure, which

was probably the scene of the last rites for the body. It is believed that after a suitable period of use this structure, probably a mortuary temple, was intentionally burned, perhaps with the idea of purification, or of allowing the spirit of the dead to escape to the spirit world. Then over the bones and the offerings left with the dead the mound was erected. This was a considerable task when one remembers the simple tools and equipment used by the Indians. Using only digging sticks, or hoes of shell or animal shoulder blades, they scraped up the earth, carried it in baskets or skins, and dumped it, load by load, on the slowly growing mound. It is obvious that only a small percentage of the Hopewell dead were buried in mounds, an honor possibly accorded only to persons of high rank.

Archeologists discovered, in excavating Mound City, that they were not the first to disturb these ancient remains. In many of the mounds were found intrusive burials of another prehistoric people, accompanied by artifacts quite distinct from those of the Hopewellians. Another group of Indians had found the mounds a convenient and suitable place for the burial of their dead, and then they too left the region well before the white man came.

MOUND CITY GROUP NATIONAL MONUMENT

The 13-acre mound area and surrounding property, including 57 acres in all, was established as Mound City Group National Monument on March 2, 1923, by Presidential proclamation. Although Federal jurisdiction was transferred from the War Department to the National Park Service of the Department of the Interior in 1933, the Ohio State Archeological and Historical Society continued to administer the area until August 1, 1946.

It is now one of the many areas of the National Park System, part of our national heritage, owned by the people of the United States and administered for them by the National Park Service. These outstanding scenic, historic, and scientific areas are to be found in all sections of the country, and are protected and preserved for the benefit and enjoyment of the people.

Among the sites of prehistoric remains included in the National Park System are Ocmulgee National Monument at Macon, Ga., another great mound-builder site, and a number of outstanding ruins in the Southwest, most famous of which is Mesa Verde National Park, Colo.

HOW TO REACH THE MONUMENT

Mound City Group National Monument is situated on the west bank of the Scioto River, 4 miles north of Chillicothe, Ohio. In leaving Chillicothe, the monument is reached by following United States Highway 35 and State Highway 104.

NEARBY POINTS OF INTEREST

Southern Ohio is very rich in prehistoric Indian sites, some of the Hopewell culture, and some of other mound-builder cultures. A number of the most interesting of these have been set aside as State memorials under the custody of the Ohio State Archeological and Historical Society, including Fort Ancient, Fort Hill, Miamisburg Mound, Newark Earthworks, Seip Mound, and Serpent Mound.

Interesting historical and archeological exhibits are contained in the museum of the Ross County Historical Society in Chillicothe. At the Ohio State Museum, Columbus, many of the objects excavated at Mound City and other Hopewell sites are on display.

In the former Camp Sherman reservation, near Mound City, are two interesting Federal institutions. One, the United States Industrial Reformatory, is a model correctional institution; the other, the United States Veterans' Hospital No. 97, has been in operation since World War I. This area has

a long military history, Camp Sherman being preceded by Camp Logan of the Civil War and Camp Bull of the War of 1812.

SERVICE TO THE PUBLIC

Mound City is open to the public, free of charge, throughout the year, from 9 a. m. until dark. Information and literature relating to the area may be secured without charge at the monument office. Organizations and groups will be given special service if arrangements are made in advance with the custodian. Archeological exhibits and other interpretive facilities are being planned for the benefit of the visitor.

Communications or inquiries concerning the monument should be addressed to the Custodian, Mound City Group National Monument, Chillicothe, Ohio.

Mr. GARY. Mr. Chairman, I yield 3 minutes to the gentlewoman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, we talk so much about billions these days that sometimes we forget from where these billions come. They come from the people and the people need some consideration at this point. Shortly we will take up rent control in this House. I should like to read to the Members a resolution that was recently adopted by the United States conference of mayors:

Whereas throughout most of the cities of the United States there exists a drastic housing shortage; and

Whereas it is the consensus of opinion of the larger cities of the United States that if rent control is discontinued a serious inflation in housing rentals would result; and Whereas such an inflation would work a hardship, particularly upon veterans and their families: Now, therefore, be it

Resolved, That the United States conference of mayors here assembled in annual conference urgently petition the Congress of the United States to extend the expiration date of the present Rent Control Act until present housing-shortage conditions are eliminated.

I call attention to the fact that I am today introducing a rent-control bill which I feel would provide an adequate program if we are to extend rent controls until the housing shortage has been solved. Last year we were presented with a rent-control bill at the last minute. Neither Congress nor the President were given time to properly study a very bad bill.

In the hope that we can avoid this last minute approach to one of the most pressing problems in our economy, I have made a study of the present law under which we operate and have analyzed the rent-control bill which just passed the other body.

I wish to call the attention of the Members to the fact that as yet we have not worked out a rent-control program to meet the needs of the country.

I am today introducing my bill in the hope that if there are shortcomings in the committee bill, they can be rectified on the floor of the House. I hope that the Members will give some study to the rent-control bill which I am introducing.

Important as ERP is to the peace of the world, it is not the immediate problem that confronts Mr. Brown and Mrs. Jones in our districts at home. What people down at the grass roots are confronted with are high prices and a short budget. This is the number one problem we will

be asked to account for in the coming election.

We cannot possibly, if we begin a great over-all housing program today, eliminate the housing shortage in less than 2 years. To come in with a rent-control act that extends rent control for 1 year is, to put it very politely, unrealistic, and to put it very bluntly, political chicanery.

I am introducing today a rent control bill based on the experience we have had with the present law which has proved weak and unequitable. S. 2182 just passed by the other body is likewise inadequate.

My bill would extend rent control until June 30, 1950, at which time, if we immediately undertake a real housing program, the critical shortage may be ended.

My bill provides for full criminal and civil enforcement sanctions. Without enforcement we cannot have effective rent control.

My bill would again provide rent controls for permanent tenants living in residential and apartment hotels, and for tenants living in accommodations created by new construction and conversion of old units; for tenants in accommodations held off the market between February 1945 and February 1947, thus providing protection for the several million persons whose dwelling units were decontrolled by the 1947 law.

Included in this group are the 1,600,000 families whose homes were decontrolled this past January by the so-called voluntary lease device; 1,250,000 families living permanently in residential and apartment hotels, motor courts, tourist homes, and trailer camps and the thousands of tenants living in new units created by new construction and conversion of old units.

This bill will provide protection for tenants from unwarranted evictions by requiring the landlord to give notice when eviction is sought to the local rent control office. This permits the local rent attorney to bring to the attention of the local court illegal evictions.

In those cases where eviction is not the result of the shortcomings of the tenant but for reasons beyond his control, such as eviction for occupancy by the landlord or a member of his family or by a purchaser or for remodeling, a 90-day waiting period is provided the tenant in which to find other shelter.

This should ease the present heart-breaking and chaotic desperation in which thousands of tenants find themselves. This condition is colorfully described in a recent letter I received from a constituent who said, "but eviction with no place to go is appalling and disastrous to one's physical and mental condition and has a destructive effect on the United States when this condition is prevalent throughout the country."

My bill also eliminated the 15-percent rent increases imposed on tenants by the so-called voluntary leases and rolls back these rents to their previous ceilings.

It is generally agreed that to remove rent control in the face of the present housing shortage would be disastrous. This need is recognized by the resolution

calling for a continuance of rent control by the United States Conference of Mayors.

If we are to have rent control it should be on a basis which treats all landlords and tenants alike. The other body in considering this question was faced with the dilemma of either permitting more 15-percent leases to be imposed on some more tenants or eliminating those rent increases imposed by the 1947 law. The other body chose to open the gates to more rent hikes by the lease device. I say this scheme was bad under the 1947 law, and I can see no reason to perpetuate it. If all landlords and tenants are to be treated generally alike we must eliminate these rent increases.

If Congress thinks that rents should be raised 15 percent across the board why does it not have the courage to openly say so and provide for a 15 percent rent raise, rather than this half-baked unjust 15 percent lease device, which rightly creates such resentments among both landlords and tenants?

My bill follows:

H. R. 5823

A bill to continue rent control until June 30, 1950, and for other purposes

Be it enacted, etc., That this act may be cited as the Housing and Rent Extension Act of 1948.

Sec. 2. The provisions of the Housing and Rent Act of 1947 are amended by inserting the following immediately preceding title I, amendments to existing law:

"DECLARATION OF PURPOSES

"This act is hereby declared to be in the interest of the national defense and security and necessary to the successful completion of the present war. The Congress recognizes that an emergency exists with regard to housing accommodations due to the acute shortage of all types of housing, and especially rental housing.

"The purposes of this act are, during the transition period from war to peace, to stabilize rents for housing accommodations and prevent speculative, unwarranted, and abnormal increases in rents for such accommodations; to prevent unwarranted evictions because they would cause grave hardship to tenants and because unlimited evictions would render it extremely difficult to control rents; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and veterans and other persons dependent on life insurance, annuities, pensions, and allowances granted to veterans attending school or learning trades, from undue impairment of their standard of living; to prevent the disruption of production due to the inability of employees to find adequate housing; to conserve scarce building materials for housing and other essential construction; and to assist veterans to obtain adequate housing for themselves and their families."

Sec. 3. Section 1 (b) of title I of the Housing and Rent Act of 1947 is amended by inserting the following new paragraph (2) at the end of paragraph (1) thereof and numbering the old paragraphs (2) and (3) as paragraphs (3) and (4), respectively:

"(2) Whenever in the judgment of the Rent Administrator there is, or is likely to be, a shortage in the supply of any materials or facilities needed for an increased supply of housing accommodations, he may by regulation or order allocate, or establish priorities for the delivery of, such materials or facilities in such manner, upon such conditions, and to such extent as he deems necessary and appropriate in the public in-

terest and to increase the supply of housing accommodations. The Rent Administrator may exercise any power or authority conferred upon him by this paragraph through such department, agency, or officer as he shall direct."

Sec. 4. Section 4 of title I of the Housing and Rent Act of 1947 is amended by substituting "June 30, 1950" for "April 1, 1948" wherever the latter date appears in said section.

Sec. 5. Title II of the Housing and Rent Act of 1947, is amended by striking out the subtitle "Declaration of Policy" and by striking out all of section 201 and in lieu thereof inserting the following:

"Sec. 201. The title 'Housing Expediter' and the name 'Office of Housing Expediter' referred to in the Veterans' Emergency Housing Act of 1946, as amended, and in the Housing and Rent Act of 1947, as amended, are hereby changed, respectively, to 'Rent Administrator' and 'Office of Rent Control': *Provided, however,* That the powers, duties, and functions of said official and of said agency under the above or any other laws or Executive orders shall in no way be enlarged, diminished, or otherwise affected by virtue of such change of names: *And provided further,* That any regulation, order, contract, or other action made, prescribed, issued, granted, or performed by or in respect of said official or agency shall (except to the extent expressly rescinded, modified, superseded, or made inapplicable by or under authority of law) have the same force and effect as if such change of names had not been made: *And provided further,* That no suit, action, or other proceeding commenced by or against said official in his official capacity or said agency shall abate by reason of such change of names; that judicial notice of such change of names shall be taken in all such suits, actions, or proceedings; and that said official and agency shall not be required to give notice to any party to such suit, action, or proceeding, or to any other person of said change of names."

Sec. 6. Section 202 of the Housing and Rent Act of 1947 is amended in the following respects:

(a) Clause (1) of paragraph (c) is amended by striking out the first word "those" and inserting after the word "accommodations" the following: "(other than dwelling units occupied by nontransient tenants)."

(b) Clause (2) of paragraph (c) is amended to read as follows:

"(2) any housing accommodation in any motor court, tourist home, or trailer camp (including trailer space) when such accommodation is occupied by a transient guest."

(c) by striking out Clause (3) in its entirety.

(d) by adding at the end thereof the following new paragraph:

"(f) The term 'district court' means any district court of the United States and the United States court for any Territory or other place subject to the jurisdiction of the United States."

Sec. 7. Section 204 of the Housing and Rent Act of 1947, as amended, is amended in the following respects:

(a) by striking out the language "March 31, 1948" and in lieu thereof inserting "June 30, 1950",

(b) paragraph (b) is amended to read as follows:

"(b) During the period from the effective date of this act and ending on the date this act ceases to be in effect, the maximum rents for controlled-housing accommodations, unless and until changed by the Rent Administrator in accordance with subparagraph (5) of this paragraph, shall be the rents fixed by the Rent Administrator determined as follows:

"(1) For housing accommodations for which a maximum rent was in effect on

March 31, 1948, the maximum rent shall continue to be such maximum rent;

"(2) For housing accommodations not included within the definition of 'controlled housing accommodations' as this definition read prior to amendment, the maximum rent shall be the higher of (a) the rent generally prevailing in the defense-rental area for comparable accommodations on the maximum-rent date for such area, plus due allowance, where new construction is involved, for general increases in the cost of construction in the area from 1939 until the date the construction is or was completed; (b) the maximum rent last in effect for such housing accommodations under Federal rent control.

"(3) For housing accommodations which were exempted from control pursuant to the second proviso to section 204 (b) of the Housing and Rent Act of 1947, as amended, as section 204 (b) read prior to amendment by the Housing and Rent Extension Act of 1948, the maximum rent shall be the last maximum rent in effect for such housing accommodations under Federal rent control prior to the execution of the lease under section 204 (b): *Provided, however,* That the landlord may continue to charge the rent specified in a lease complying with section 204 (b), prior to amendment, for the entire month in which this act takes effect.

"(4) For housing accommodations recon- trolled pursuant to the provisions of subsection (e) of this section, the maximum rent shall be the maximum rent established by the Rent Administrator in the order or regulation of recon- trol.

"(5) The Rent Administrator may, by regulation or order, make such adjustments in the maximum rents established under subparagraphs (1), (2), (3), and (4) of this subsection (b) as may be necessary to carry out the purposes and provisions of this title."

(c) By striking out the language of paragraphs (c), (d), (e), and (f) in their entirety and in lieu thereof inserting the following:

"(c) Notwithstanding the provisions of subsection (a) of this section, the Rent Administrator shall make general adjustments in the maximum rents in effect or established in any defense-rental area for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes, other costs, or income, within such defense-rental area, whenever in his judgment the maximum rents in the area are not generally fair and equitable to landlords of any substantial and well-defined class of housing accommodations. For the purpose of making such determinations the Rent Administrator shall, from time to time, cause accounting surveys of operating experience under rent control to be made in the various defense-rental areas and he shall compare the operating experience of landlords under rent control with their operating experience in the years 1939 and 1940.

"(d) Notwithstanding the provisions of subsection (a) of this section, the regulations and orders of the Rent Administrator may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in his judgment are necessary or proper in order to effectuate the purposes of this act.

"(e) Whenever the Rent Administrator finds with respect to any substantial and well-defined class of housing accommodations in any defense-rental area, whether or not previously controlled or decontrolled, that (1) the demand for such accommodations is in excess of the supply, and (2) that the rents for such accommodations have risen or are threatening to rise in a manner inconsistent with the purposes of this act, and (3) that local governmental officials are unable or are unwilling to stabilize rents at

levels consistent with the purposes of this act, he may by regulation or order establish such maximum rents for such accommodations as will in his judgment be generally fair and equitable and will effectuate the purposes of this act: *Provided, however*, That if the accommodations brought under control have previously been decontrolled, the Rent Administrator shall not establish new maximum rents for them which are lower than the last maximum rents they had when previously controlled.

"(f) Whenever the Rent Administrator finds with respect to any substantial and well-defined class of housing accommodations in any defense-rental area that (1) the supply of such accommodations is substantially in balance with demand, and (2) that the removal of rent control will not result in rent increases inconsistent with the purposes of this act, he is authorized and directed, by regulation or order, to remove such accommodations from control.

"(g) The Rent Administrator is authorized and directed to create in each defense-rental area, or such portion thereof as he may designate, a local advisory board, each such board to consist of not less than five members who are citizens of the area and who as a group are representative of the affected interests in the area, to be appointed by the Rent Administrator, from recommendations made by the respective governors: *Provided*, That in any case where the governor has made no recommendations for original appointments to local boards or appointments to fill vacancies, within 30 days after request therefor (subsequent to March 31, 1948) from the Rent Administrator, the Rent Administrator shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. The Rent Administrator shall immediately subsequent to March 31, 1948, screen the membership of the boards to determine if their membership complies with the standards set forth in this section and shall promptly take steps to effectuate any change in the membership of any board necessitated by this provision.

"(h) The Rent Administrator shall furnish the local advisory boards suitable office space and stenographic assistance and shall make available to such boards any records and other information in the possession of the Rent Administrator with respect to the establishment and maintenance of maximum rents for housing accommodations in the respective defense-rental areas which may be requested by such boards.

"(i) The local advisory boards shall have the following powers: (1) To make recommendations to area rent offices for increases or decreases in maximum rents in individual adjustment cases; (2) after public hearings, to make recommendations to the Rent Administrator with respect to the decontrol of the defense-rental area or any portion thereof; (3) after public hearings, to make recommendations to the Rent Administrator with respect to the adequacy of the general rent level in the area; (4) to make recommendations with respect to the operations generally of the area rent office, with particular reference to hardship cases; (5) to exercise such functions for educational, administrative, and compliance purposes as are delegated by the Rent Administrator.

"(j) Within 30 days after receipt of any recommendation of a local advisory board, such recommendation shall be approved or disapproved or the local board shall be notified in writing of the reasons why final action cannot be taken in 30 days. The Rent Administrator or any area rent director receiving a recommendation from a local advisory board shall give full and careful consideration to such recommendation and to any data accompanying it, but the responsibility for

deciding any matter so presented shall rest solely with the Rent Administrator or the area rent director, as the case may be."

Sec. 8. Section 205 of the Housing and Rent Act of 1947 is amended in the following respects:

(a) by striking out the subtitle "Recovery of Damages by Tenants",

(b) by striking out the language of the section in its entirety and in lieu thereof inserting the following:

"Sec. 205. (a) The Rent Administrator is authorized to make such studies and investigations, to conduct such hearings, and to obtain such information as he deems necessary or proper to assist him in prescribing any regulation or order under this act, or in the administration and enforcement of this act and regulations thereunder.

"(b) The Rent Administrator is further authorized, by regulation or order, to require any person who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such persons to permit the inspection and copying of records and other documents, and the inspection of defense-rental area housing accommodations. The Rent Administrator may administer oaths and affirmations and may, whenever necessary, by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

"(c) For the purpose of obtaining any information under subsection (c), the Rent Administrator may by subpoena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

"(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the Rent Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Rent Administrator as to the information contained in such documents.

"(e) In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in subsection (e), the district court for any district in which such person is found or resides or transacts business, upon application by the Rent Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (d).

"(f) Witnesses subpoenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

"(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 ed., title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

"(h) Any person subpoenaed under this section shall have the right to make a record of his testimony and to be represented by counsel."

Sec. 9. Section 206 of the Housing and Rent Act of 1947 is amended by striking out the entire language of the section and in lieu thereof inserting the following:

"SEC. 203 (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligations heretofore or hereafter entered into, for any person to demand or receive any rent for controlled housing accommodations, or otherwise to do or omit to do any act, in violation of any of the provisions of this act, or of any regulations, orders, or requirements thereunder, or to attempt or agree to do any of the foregoing.

"(b) It shall be unlawful for any person to remove or attempt to remove from any controlled housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this act or any regulations, order, or requirement thereunder.

"(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Rent Administrator in his official capacity, including members of local advisory boards, to disclose, otherwise than in the course of official duty, any information obtained under this act, or to use any such information for personal benefit.

"(d) Nothing in this act shall be construed to require any person to offer any housing accommodations for rent.

"(e) Whenever in the judgment of the Rent Administrator any person has engaged or is about to engage in any act or practice which constitutes or will constitute a violation of the provisions of Section 206 of this Act, he may make application to any Federal, State, or Territorial court of competent jurisdiction, for an order enjoining such act or practice, or for an order enforcing compliance with such provision, and upon a showing by the Rent Administrator that such person has engaged or is about to engage in any such act or practice a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(f) Any person who willfully violates any provision of section 206 of this act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed pursuant to any regulation or order issued under section 205 of this act shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than 2 years in the case of a violation of subsection (c) of this section and for not more than 1 year in all other cases, or to both such fine and imprisonment. Whenever the Rent Administrator has reason to believe that any person is liable to punishment under this paragraph, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(g) The district courts shall have jurisdiction of criminal proceedings for violations of this section, and, concurrently with State and Territorial courts, of all other proceedings under section 206 of this act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found: *Provided, however*, That all suits under paragraph (i) of this section shall be brought in the district or county in which the defendant resides or has a place of business, an office, or an agent. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings

brought before it under this section. No costs shall be assessed against the Rent Administrator or the United States Government in any proceeding under this act.

"(h) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this act or any regulation, order, requirement, or agreement thereunder, notwithstanding that subsequently such provision, regulation, order, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this act or any regulation, order, requirement, or agreement thereunder the court having jurisdiction of such suit or action shall certify such facts to the Rent Administrator. The Rent Administrator may intervene in any such suit or action.

"(i) Any person who receives any payment of rent in excess of the maximum rent prescribed by this act, or any regulation or order issued thereunder, or fails to refund any rent payments in accordance with any order under this act, shall be liable to the person from whom he receives such payment, or to whom he fails to refund such payment, for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amount of (1) \$50, or (2) three times the amount by which the payment or payments received exceed the maximum rent which could lawfully be received, or three times the amount which was not refunded, whichever, in either case, may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. Suit to recover such amount may be brought in any Federal, State, or Territorial court of competent jurisdiction within 1 year after the date of such violation. If the tenant either fails to institute any action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the Rent Administrator may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the Rent Administrator, the tenant shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under this subsection all violations alleged in such action which were committed by the defendant prior to the bringing of the action shall be deemed to constitute one violation, and the amount received or retained in connection with such one violation shall be deemed to be the aggregate amount received or retained in connection with all violations. A judgment in an action under this paragraph shall be a bar to a recovery under this subsection in any other action against the same defendant on account of any violation with respect to the same plaintiff prior to the institution of the action in which such judgment was rendered."

Sec. 10. Section 209 of the Housing and Rent Act of 1947, is amended by striking out the language of the section in its entirety and in lieu thereof inserting the following:

"(a) So long as the tenant continues to pay the rent to which the landlord is entitled, so tenant shall be removed from any housing accommodations, by action to evict or to recover possession, by exclusion from possession, or otherwise, nor shall any person attempt such removal or exclusion from possession, notwithstanding that such tenant has no lease or that his lease or other rental

agreement has expired or otherwise terminated, and regardless of any contract, lease, agreement, or obligation heretofore or hereafter entered into which provides for entry of judgment upon the tenant's confession for breach of the covenants thereof or which otherwise provides contrary hereto unless:

"(1) under the law of the State in which the action or proceeding is brought the tenant is (A) violating the obligation of his tenancy (other than an obligation to pay rent higher than rent permitted under this act or an obligation to surrender possession of such housing accommodations) or (B) is committing a nuisance in such housing accommodations or using such housing accommodations for an immoral or illegal purpose or for other than living or dwelling purposes;

"(2) the landlord seeks in good faith to recover possession of such housing accommodations for his immediate and personal use and occupancy as housing accommodations, or for the immediate and personal use and occupancy as housing accommodations by his father, mother, grandfather, grandmother, son, or daughter: *Provided, however*, That where the housing accommodations are a part of a multiple unit structure or premises owned or leased by a cooperative corporation or association, the tenant may not be evicted unless at the time eviction is sought at least 80 percent of the tenants of the dwelling units in the structure or premises have purchased stock or other evidence of interest in the cooperative or association entitling them to possession of their respective dwelling units by virtue of a proprietary lease or otherwise.

"(3) the landlord seeks in good faith to recover possession of such housing accommodations for the immediate purpose of substantially altering, remodeling, or demolishing them and replacing them with new construction, and the altering or remodeling is reasonably necessary to protect and conserve the housing accommodations and cannot practically be done with the tenant in occupancy, and the landlord has obtained such approval as may be required by Federal, State, or local law for the alterations, remodeling, or any construction planned; or

"(4) the housing accommodations are non-housekeeping, furnished housing accommodations located within a single dwelling unit not used as a rooming or boarding house and the remaining portion of which is occupied by the landlord or his immediate family.

"(b) Notwithstanding any other provision of this act, the United States or any State or local public agency may maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action or proceeding is authorized by the statute or regulations under which such accommodations are administered: *Provided*, That nothing in this subsection shall be deemed to authorize the maintenance of any such action or proceeding upon the ground that the income of the occupants of the housing accommodations exceeds the allowable maximum unless such income, less any amounts paid to such occupants by the Veterans' Administration on account of service-connected disability or disabilities, exceed the allowable maximum.

"(c) No person shall take any action to execute a judgment of eviction entered by any court in conformity with paragraphs (2), (3), and (4) of subsection (a) of this section until 90 days after the judgment was entered.

"(d) Every notice to a tenant to vacate or surrender possession of housing accommodations shall state the ground under this section upon which the landlord relies for removal or eviction of the tenant and the facts necessary to establish the existence of such ground. A written copy of such notice shall be given to the area rent office within 24 hours after the notice is given to the tenant.

"No tenant shall be removed or evicted from housing accommodations by court process or otherwise, unless at least 10 days (or, where the ground for removal or eviction is nonpayment of rent, the period required by the local law for notice prior to the commencement of an action for removal or eviction in such cases, but in no event less than 3 days) prior to the time specified for surrender of possession and to the commencement of any action for removal or eviction, the landlord has given written notices of the proposed removal or eviction to the tenant and to the area rent office, stating the ground under paragraph (a) of this section upon which such removal or eviction is sought, the facts necessary to establish the existence of such ground, and specifying the time when the tenant is required to surrender possession.

"Where the ground for removal or eviction of a tenant is nonpayment of rent, every notice pursuant to this paragraph (d) shall state the rent for the housing accommodations, the amount of rent due and the rental period or periods for which such rent is due.

"If judgment for possession is sought by virtue of a confession of judgment or a warrant of attorney authorizing confession of such judgment against the tenant, the date of commencement of the action as referred to in this section shall be deemed to be the date of filing in court the first papers in the proceedings for the entry of such judgment.

"(e) The Rent Administrator may intervene in any action or proceeding mentioned in this section for the purpose of advising the court concerning the meaning or application of his regulations and in the interest of securing uniformity in the applications of this act."

Sec. 11. Section 210 of the Housing and Rent Act of 1947, is amended by striking out "Housing and Rent Act of 1947;" and substituting "Housing and Rent Act of 1947, as amended;".

Sec. 12. Section 202 of the Housing and Rent Act of 1947 is amended by adding at the end thereof the following new paragraph:

"(g) The provisions of title II as herein amended shall cease to be in effect on June 30, 1950, except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this title and all regulations, orders, and requirements issued thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such rights, liability, or offense."

Sec. 13. This act shall become effective on the first day of the first calendar month following the month in which this act is enacted.

Sec. 14. Section 211 of the Housing and Rent Act of 1947 is amended by striking out the words "but shall not be applicable to the District of Columbia" and inserting in lieu thereof the following: "including the District of Columbia."

Sec. 15. The Housing and Rent Act of 1947 is amended by adding the following new section after section 213:

PROCEDURE AND REVIEW

"Sec. 214 (a). The Rent Administrator shall provide by appropriate regulations, when an interested person so requests, for a review by himself of the denial in whole or in part by any area rent director of a petition for adjustment of rent or a determination of any area rent director reducing or fixing the maximum rent for any housing accommodations.

"(b) Any determination of the Rent Administrator on an individual petition for adjustment of rent or any order entered by him reducing or fixing the maximum rent for controlled housing accommodations shall be reviewable on complaint of an interested person in the United States district court for

the district in which the housing accommodations are located. The review shall be upon the basis of the record before the Rent Administrator, which the Rent Administrator shall certify to the court within 30 days after he is served with the complaint. No order reviewed in the foregoing manner shall be enjoined, set aside, in whole or in part, or modified unless the complainant establishes to the satisfaction of the court that the order is not supported by substantial evidence or is not in accordance with law.

Mr. CANFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I appreciate very much indeed the courtesy of the chairman of the subcommittee and his fellow members in giving me the time to speak under the general debate on their bill. It has been very difficult, indeed, to obtain time under the rules to render to the House even a partial summary of the report of the Congressional Aviation Policy Board (S. Rept. 949). Therefore, I am particularly grateful to the gentleman from New Jersey and to the gentleman from Virginia. It may interest the House to know that as the Subcommittee on Combat Aviation of the Congressional Aviation Policy Board, we had as advisers to that subcommittee, General of the Army H. H. "Hap" Arnold, Mr. Ralph S. Damon, representing the scheduled air lines, Rear Adm. Louis DeFlores, of the United States Naval Reserve, a distinguished scientist, Lt. Gen. James H. "Jimmie" Doolittle of the United States Air Force Reserve, Mr. J. H. Kindelberger, representing the aircraft industries, Prof. Clark B. Millikin, another scientist of very great renown, and his colleague, Prof. William R. Sears, Mr. Earl F. Slick, who represented the non-scheduled air-cargo carriers, and the famous Adm. John H. "Jack" Towers, United States Navy, now retired, Col. Roscoe Turner of World War I fame, and a speed flyer of note, representing the fixed-base operators, and Mr. J. Carlton Ward, Jr., President of the Fairchild Engine & Manufacturing Co., who is head of the not-so-well-known but exceedingly important NEPA project.

Mr. Chairman, I have asked for the attention of the Members so that I may present some facts on our National Defense Establishment. These facts, as I gathered them during months of close study and conversations with scores of officials and officers including the very top levels in all services, shocked me. I believe they will amaze and horrify you and the country, as they did me and my associates on the Aviation Policy Board who helped me make the study. It was as members of the Congressional Aviation Policy Board that we looked inside our Military Establishment and found certain basic failures which must be speedily corrected if we are to be properly prepared should a great emergency, God forbid, again occur.

I have the honor to be vice chairman of the board and chairman of its combat aviation subcommittee. We were assisted by the council I have just mentioned composed of the foremost authorities on national defense and especially in air

power. Our report recently was presented to the Congress, on March 1. In view of the world situation, I am reluctant to expose the weaknesses in our national defense which the testimony presented to us definitely revealed. It would be easier to sit silently and have an abiding faith that all is well and that there is nothing to worry about. But as a Member of the Congress with responsibilities to the people and to my own conscience, I cannot be silent and see the strength of our national defense, the defense for which Congress has appropriated upward of \$10,000,000,000 for the present fiscal year, frittered away by confusion, neglect, and failure to provide the comprehensive over-all planning that is implicit in the policies laid down by the Congress.

Yet, that is what is happening today. We passed an act for unification, coordination, and synchronization, and for an end to costly, inefficient duplication, overlapping and conflicting duties and operations. Instead, we are now getting triplification.

Rivalries among the armed services that marked passage of the Unification Act continue. We found that some brass hats, instead of getting down to brass tacks are bogged down in controversy.

There is controversy and lack of decisive action over who is to do what, and the tragic result is that our country is not getting a full dollar of effective preparedness for every dollar spent.

Think of it! In the present state of world affairs, when sparks may be struck, even accidentally, which could easily flare into open warfare, a well-knit, comprehensive meeting of minds among the topmost defense planners on major policies has not yet been developed.

Of course, that is a shocking, deplorable situation. Why, your Aviation Policy Board was confronted with two plans for air power—one for the Navy and one for the Air Force—with the missions to be performed by each service still in dispute.

Obviously, there can be no sensible planning on air power, which we now so desperately lack, until there is an over-all unified plan of action.

It is equally plain there can be no rationalization of defense appropriations until there is produced by the high command of the armed forces a unified plan of action.

Without a unified plan of action, spelled out in detail so each service may know what it is to do, and detailed planning to provide and support the various operations, it is the opinion of your Aviation Policy Board that much of the budgeted appropriations for the armed forces would be a huge waste of the taxpayers' money.

I am confident this Congress will not tolerate negligence in defense planning. Members of our Appropriation Committee, I am sure, know what I am talking about, because they too have intimate knowledge of the defense situation and the controversies among the services.

I am also confident that Secretary of Defense Forrestal is striving earnestly to produce a unified plan of action for the defense establishment, but, my col-

leagues, he needs our help. I noted by the paper last evening and again this morning that Secretary Forrestal is calling the Joint Chiefs of Staff together over the weekend, in order to make a determination, if that be possible, of the proper allocation of roles and missions in the armed services.

President Truman, as Commander in Chief of the armed forces, should act at once to see that the present danger-fraught situation is corrected. Some forthright orders to the Joint Chiefs of Staff from the President—orders to get together and get on with a unified plan of action—are needed now.

On the matter of unified plan of action, our Congressional Aviation Policy Board, among other observations, had this to say:

Under the National Security Act of 1947, the Joint Chiefs of Staff are charged with the obligation of preparing such plans. It is our view that the Secretary of Defense and the President should exert whatever pressure is required to make certain of their accomplishment.

We are not unaware of the fact that the Joint Chiefs of Staff, who individually represent the three separate services, may find it difficult to prepare truly coordinated and integrated plans. The loyalty of adherence to its traditions is understandable, but unyielding adherence to service loyalties at the expense of national security is a luxury the Nation no longer can afford.

It is alarming enough to see that unification of the armed services is not being accomplished with the wisdom and speed that we had hoped for in passing the authorizing legislation. But other vital factors are involved. The cost of national defense has stopped its post-war downward trend and it now going up.

Here are some facts I suggest remembering as we drive to cut down the cost of Government:

The Bureau of the Budget reported that nearly 80 percent of the 1948 fiscal year budget was allotted to the prevention, prosecution, and liquidation of wars.

That statement interested me greatly and so I asked to have a copy of the Budget Bureau's statement. The five mentioned categories, with amounts involved and percentages of the whole, are as follows:

Fiscal year 1948 Federal budget

Category	Amount	Percent of total
	Billions	
National defense.....	\$10.401	28.1
Veterans' services and benefits.....	7.469	20.2
Interest on public debt.....	5.125	13.9
International affairs and finance.....	4.301	11.6
Tax refunds.....	2.063	5.6
Total these 5 categories.....	29.359	79.3
All other functions of Government..	7.641	20.7
Total budget, 1947-48.....		100

Now, Mr. Chairman, get this statement: All the other functions of the Government put together in the 1948 budget total \$7,641,000,000, or 20.7 percent. There you have a situation, Mr. Chairman, which confronts our country in a most important way.

Mr. Chairman, at this point I desire to insert the statement and tables that

were prepared by the Bureau of the Budget to which I have referred:

ANALYSIS OF FEDERAL BUDGET EXPENDITURES,
1900-1948

The two attached tables trace the development of Federal budget expenditures from 1900, when they were \$500,000,000, through the peak of over \$100,000,000,000 in 1945, and down to the present estimate of \$37,000,000,000 for the fiscal year 1948. Figures are shown for five major categories which relate largely to prevention, prosecution, or liquidation of wars—national defense, veterans' services and benefits, interest on the public debt, international affairs and finance, and tax refunds. As the tables show, expenditures for these major functions weigh heavily in the total budget. During some of the years most greatly influenced by World Wars I and II, these expenditures have accounted for over nine-tenths of the total budget. In other years, they have also accounted for a substantial proportion of the budget, except during the 1930's when the sharp rise of relief and other expenditures on account of the economic emergency increased the proportion of non-war-related expenditures.

From 1900 to 1948, the total budget expenditures have increased manifold. Expenditures in the five major categories un-

der consideration account for a great deal of this increase. Furthermore, it is unlikely that they will decrease in the near future to the same extent as they did after World War I. In fiscal 1948, these five functions aggregate \$29,400,000,000—79 percent of the estimated total budget expenditure of \$37,000,000,000.

LIMITATIONS ON DATA

In using the attached tables, it should be borne in mind that, although the five functions for which specific figures are shown are largely war-related, expenditures would also continue to some extent for these purposes under long-term peacetime conditions. For example, tax refunds would still be made in peacetime, but not at the levels induced by wartime revenue collections and expenditures for the State Department would be necessary in peacetime. On the other hand, the non-war-related functions include certain expenditures which were for war purposes, particularly during the World War II period.

Similarly, the figures have some shortcomings from the standpoint of classification and precision, particularly for the earlier years. From 1939 through 1948, the figures shown at present are according to the Budget functional classification. For preceding years, an effort has been made to roughly

group data available in the Budgets and Annual Reports of the Secretary of the Treasury in accordance with the present Budget classification. This effort has been only partially successful, but it is felt that the main trends can be discerned from the figures presented.

For the years preceding 1939, the coverage for the several major categories is roughly as follows:

National defense: Includes War Department (military) and Navy Department expenditures, plus expenditures during the World War I period by such agencies as the Railroad Administration, Shipping Board, War Finance Corporation, etc.

Veterans' services and benefits: Figures largely correspond to functions of the Veterans' Administration.

Interest on the public debt and tax refunds: Data correspond to present Budget definitions.

International affairs and finance: Figures confirmed to State Department expenditures, except for World War I period for which purchases of obligations of foreign governments are included. The loans to foreign governments during World War I in part served the same purpose as the lend-lease program of World War II, which is included in the national defense figures (and amounts to about \$50,000,000,000).

TABLE A.—Analysis of Federal budget expenditures, fiscal years 1900-1948, 5 major functions

(Amounts in millions of dollars)

Fiscal year	Total budget expenditures	5 major functions							All other functions	
		National defense	Veterans' services and benefits	Interest on public debt	International affairs and finance	Tax refunds	Subtotal, 5 functions		Amount	Percent of total budget expenditure
							Amount	Percent of total budget expenditure		
1900.....	521	191		40						
1901.....	525	206		32						
1902.....	485	180		29						
1903.....	517	202		29						
1904.....	584	268		25						
1905.....	567	244		25						
1906.....	570	247		24						
1907.....	579	247		24						
1908.....	659	294		21						
1909.....	694	308		22						
1910.....	694	284		21						
1911.....	691	283		21	(1)					
1912.....	690	284		23	5					
1913.....	725	293		23	5					
1914.....	735	298	(1)	23	5	(1)	(1)	(1)	(1)	(1)
1915.....	761	297	176	23	5	15	516	67.8	245	37.2
1916.....	734	305	171	23	6	21	526	71.7	208	28.3
1917.....	1,978	602	171	25	891	24	1,713	86.6	265	13.4
1918.....	12,697	7,110	235	198	4,748	35	12,326	97.1	371	2.9
1919.....	18,515	13,548	324	616	3,500	67	18,055	97.5	460	2.5
1920.....	6,403	3,997	332	1,024	435	46	5,834	91.1	569	8.9
1921.....	5,116	2,581	646	999	83	58	4,367	85.4	749	14.6
1922.....	3,373	929	686	991	10	88	2,704	80.2	669	19.8
1923.....	3,295	680	747	1,056	14	158	2,655	80.6	640	19.4
1924.....	3,049	647	676	941	15	159	2,438	80.0	611	20.0
1925.....	3,063	591	741	882	15	182	2,411	78.7	652	21.3
1926.....	3,098	586	772	832	17	210	2,417	78.0	681	22.0
1927.....	2,974	578	786	787	17	137	2,305	77.5	669	22.5
1928.....	3,103	656	806	731	12	170	2,375	76.5	728	23.5
1929.....	3,299	696	812	678	14	213	2,413	73.1	886	26.9
1930.....	3,440	734	821	659	14	152	2,380	69.2	1,060	30.8
1931.....	3,652	733	1,040	611	16	91	2,491	68.2	1,161	31.8
1932.....	4,535	703	985	600	19	101	2,408	53.1	2,127	46.9
1933.....	3,864	648	863	689	16	70	2,286	59.2	1,578	40.8
1934.....	6,011	540	557	757	12	64	1,930	32.1	4,081	67.9
1935.....	7,010	711	607	820	19	77	2,234	31.9	4,776	68.1
1936.....	8,666	914	2,350	749	18	54	4,085	47.1	4,581	52.9
1937.....	8,177	937	1,137	866	18	56	3,014	36.9	5,163	63.1
1938.....	7,239	1,030	581	926	19	100	2,656	36.7	4,583	63.3
1939.....	9,027	1,074	559	941	19	68	2,661	29.5	6,366	70.5

¹ Figures for this and preceding years are not readily obtainable.

TABLE A.—Analysis of Federal budget expenditures, fiscal years 1900–1948, 5 major functions—Continued

[Amounts in millions of dollars]

Fiscal year	Total budget expenditures	5 major functions							All other functions	
		National defense	Veterans' services and benefits	Interest on public debt	International affairs and finance	Tax refunds	Subtotal, 5 functions		Amount	Percent of total budget expenditure
							Amount	Percent of total budget expenditure		
1940	9,297	1,497	551	1,041	50	91	3,230	34.7	6,067	65.3
1941	13,765	6,370	564	1,111	140	90	8,275	60.1	5,490	39.9
1942	34,290	26,843	556	1,260	632	95	29,386	85.7	4,904	14.3
1943	79,702	70,031	605	1,813	232	80	72,761	91.3	6,941	8.7
1944	95,573	83,724	744	2,610	280	295	87,653	91.7	7,920	8.3
1945	100,398	84,526	2,094	3,622	677	1,817	92,736	92.4	7,662	7.6
1946	63,714	45,012	4,414	4,748	1,464	3,119	58,757	92.2	4,957	7.8
1947	42,505	14,451	7,373	4,957	6,669	3,056	36,506	85.9	5,999	14.1
1948 ²	37,000	10,401	7,469	5,125	4,301	2,063	29,359	79.3	7,641	20.7

² Estimated.

Source: Based on Budget documents and annual reports of the Secretary of the Treasury.

TABLE B.—Analysis of Federal budget expenditures, fiscal years 1900–1948—percent of total expenditures by major functions

Fiscal year—	Total budget expenditures (in millions)	Percent of total budget						
		National defense	Veterans' services and benefits	Interest on public debt	International affairs and finance	Tax refunds	Subtotal, 5 functions	All other functions
1900	\$521	36.7	—	7.7	—	—	—	—
1901	525	39.2	—	6.1	—	—	—	—
1902	485	37.1	—	6.0	—	—	—	—
1903	517	39.1	—	5.6	—	—	—	—
1904	584	45.9	—	4.3	—	—	—	—
1905	567	43.0	—	4.4	—	—	—	—
1906	570	43.3	—	4.2	—	—	—	—
1907	579	42.7	—	4.1	—	—	—	—
1908	659	44.6	—	3.2	—	—	—	—
1909	694	44.4	—	3.2	—	—	—	—
1910	694	40.9	—	3.0	—	—	—	—
1911	691	41.0	—	3.0	(1)	—	—	—
1912	690	41.2	—	3.3	0.7	—	—	—
1913	725	40.4	—	3.2	.7	—	—	—
1914	735	40.5	(1)	3.1	.7	(1)	(1)	(1)
1915	761	39.0	23.1	3.0	.7	2.0	67.8	32.2
1916	734	41.6	23.3	3.1	.8	2.9	71.7	28.3
1917	1,978	30.4	8.6	1.3	45.0	1.2	86.6	13.4
1918	12,697	56.0	1.9	1.6	37.4	.3	97.1	2.9
1919	18,515	73.2	1.7	3.3	18.9	.4	97.5	2.5
1920	6,403	62.4	5.2	16.0	6.8	.7	91.1	8.9
1921	5,116	50.4	12.6	19.5	1.6	1.1	85.4	14.6
1922	3,373	27.5	20.3	29.4	.3	2.6	80.2	19.8
1923	3,295	20.6	22.7	32.0	.4	4.8	80.6	19.4
1924	3,049	21.2	22.2	30.9	.5	5.2	80.0	20.0
1925	3,063	19.3	24.2	28.8	.5	5.9	78.7	21.3
1926	3,098	18.9	24.9	26.9	.5	6.8	78.0	22.0
1927	2,974	19.4	26.4	26.5	.6	4.6	77.5	22.5
1928	3,103	21.1	26.0	23.6	.4	5.5	76.5	23.5
1929	3,299	21.1	24.6	20.6	.4	6.5	73.1	26.9
1930	3,440	21.3	23.9	19.2	.4	4.4	69.2	30.8
1931	3,652	20.1	28.5	16.7	.4	2.5	68.2	31.8
1932	4,535	15.5	21.7	13.2	.4	2.2	53.1	46.9
1933	3,864	16.8	22.3	17.8	.4	1.8	59.2	40.8
1934	6,011	9.0	9.3	12.6	.2	1.0	32.1	67.9
1935	7,010	10.1	8.7	11.7	.3	1.0	31.9	68.1
1936	8,666	10.5	27.1	8.6	.2	.6	47.1	52.9
1937	8,177	11.5	13.9	10.6	.2	.6	36.9	63.1
1938	7,239	14.2	8.0	12.8	.3	1.4	36.7	63.3
1939	9,027	11.9	6.2	10.4	.2	.8	29.5	70.5
1940	9,297	16.1	5.9	11.2	.5	1.0	34.7	65.3
1941	13,765	46.3	4.1	8.1	1.0	.7	60.1	39.9
1942	34,290	78.3	1.6	3.7	1.8	.3	85.7	14.3
1943	79,702	87.9	.8	2.3	.3	.1	91.3	8.7
1944	95,573	87.6	.8	2.7	.3	.3	91.7	8.3
1945	100,398	84.2	2.1	3.6	.7	1.8	92.4	7.6
1946	63,714	70.6	6.9	7.5	2.3	4.9	92.2	7.8
1947	42,505	34.0	17.3	11.7	15.7	7.2	85.9	14.1
1948 ²	37,000	28.1	20.2	13.9	11.6	5.6	79.3	20.7

¹ Figures for this and preceding years are not readily obtainable.² Estimated.

Source: Based on Budget documents and annual reports of the Secretary of the Treasury.

In examining the national defense item in the 1949 budget now under consideration it was soon learned that neither the total amount nor the separate allotments to the Army, Navy, and Air Force, bore any real relation to the requirements of the services as stated by them to my subcommittee.

In fact it was obvious that a gross amount had been selected—\$10,098,000,000—and then that amount had been arbitrarily whacked up between the three armed services in proportions determined by the Bureau. These amounts were then allocated to the services and they in turn were told to prepare budget statements within the shares allotted.

Consequently the budget estimates now before our several Subcommittees on Appropriations having to do with the armed services are almost wholly unrealistic, and the separate justifications bear only a resemblance to their requirements. That statement should be qualified by the fact that the budget for the Department of the Army is closer to reality than that of the Navy or of the Air Force.

Of course, there is an extenuating circumstance; namely, the Unification Act of 1947 was being passed at the time those budgets were being prepared in the departments and hence some arbitrary actions may have been necessary pro tem.; and naturally it has taken some time for the new national defense set-up to fit itself into its new groove.

Our Board, being an Aviation Policy Board, called for statements of requirements of the air arms of the services early last October. We received the same presentations that were made to other congressional groups, and we then asked for

figures. We had great difficulty in obtaining understandable figures, as they were presented in terms of a 70-group program for the Air Force and a 10,385-plane program for the Navy.

The next step was an attempt to find out what those terms really meant. In due course we extracted the fact that the "70-group program" meant 20,541 aircraft for the Air Force, and the "10,385-plane" program for the Navy meant in reality 14,500 aircraft, total 35,041 aircraft.

The next step was an attempt to find out what those figures meant in terms of some common denominator of annual procurement of aircraft. Naturally the procurement figures must be extended over a period of some number of years, and meantime consideration had to be given to side-door procurement by withdrawal of war surplus aircraft from cocon storage.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. DONDERO. Are we given to understand that the 35,000 aircraft is the number we now have on hand?

Mr. HINSHAW. No; that is the combined target programs of the Air Force and the Navy for the future, as prepared by those services separately.

Mr. DONDERO. Over what period of time?

Mr. HINSHAW. Over a period of 5 years. The gentleman will be interested to know that the Soviets are estimated to have a considerably larger air army than those figures for the United States.

Mr. Chairman, the common denominator chosen was the "airframe pound." An airframe pound is a unit of weight

of an airplane without engines, accessories, or spare parts. It is suitable as a term relating to an air striking force as well as being suitable for measuring aircraft procurement and aircraft production. The term "aircraft" by itself can mean a very small aircraft or a very large one. Numbers of aircraft in any one category are important but the most practical and suitable common denominator for all kinds, sizes, numbers, and types of aircraft is the number of pounds of airframe involved.

Having decided upon a common denominator it was then necessary to get the figures of the Navy and Air Force coordinated first into pounds of airframe and then into dollars of annual procurement budgets. That was achieved in due course and tables were prepared accordingly. At that point we discovered that thus far we had been talking only about aircraft procurement budgets.

No mention had been made of the additional personnel, subsistence, maintenance, and so forth, that would be required if the air arms of the services were to be expanded to the sizes that the Navy and Air Force declared were required.

So a running series of budget estimates to include all costs of the Navy and the Air Force, over the period of years required to bring them up to strength, including statements of contract authorizations, was requested.

The following statements of budget estimates is without the contract authorizations required, merely for the sake of brevity and clearer reading. It is taken from page 9 of our National Aviation Policy Report. The table is as follows:

Expenditures, current and estimated budget, by fiscal years, in billions of dollars

Particulars	Present, 1948	Plan A (111,000,000 airframe pounds)						Plan B (63,000,000 airframe pounds)					
		1949	1950	1951	1952	1953	Level off	1949	1950	1951	1952	1953	Level off
Army: Total appropriation for Army ¹	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Navy:													
Appropriations for aircraft procurement	.28	.52	.95	1.39	1.28	1.30	1.20	.45	.67	.88	.96	.96	.96
Total appropriations for naval aviation ²	.73	1.20	1.75	2.08	2.05	2.00	2.00	.96	1.31	1.42	1.50	1.50	1.50
Total appropriations for Navy ³	4.13	4.80	5.75	6.48	7.30	7.80	8.00	4.46	5.11	5.22	5.45	5.50	5.50
Air Force:													
Appropriations for aircraft procurement	.12	.80	1.70	2.40	3.00	3.50	3.20	.80	1.70	2.40	2.70	2.70	2.00
Total appropriations for Air Force ²	3.10	3.50	5.20	6.50	7.30	7.80	7.50	3.50	5.20	6.50	6.70	6.80	6.10
Total armed services:													
Appropriations for aircraft procurement	.40	1.32	2.65	3.79	4.28	4.80	4.40	1.25	2.37	3.28	3.66	3.66	2.96
Total appropriations for aviation	3.83	4.70	6.95	8.58	9.35	9.80	9.50	4.46	6.51	7.92	8.20	8.30	7.60
Total appropriations for armed services ³	10.35	11.42	14.07	16.10	17.72	18.72	18.62	11.08	13.43	14.84	15.27	15.42	14.72
Current procurement cost of aircraft transferred from storage to operation ⁴	[1.84]	[2.00]	[.84]					[2.00]	[.84]				
National budget other than armed services	26.88	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Total national budget, exclusive of UMT and ERP	37.23	36.42	39.07	41.10	42.72	43.72	43.62	36.08	38.43	39.84	40.27	40.42	39.72
Universal military training ⁴		.88	1.58	2.01	2.01	1.75	1.75	.88	1.58	2.01	2.01	1.75	1.75
European relief program	.50	4.00	5.24	3.57	2.47	.62		4.00	5.24	3.57	2.47	.62	
Projected national budget, including armed services, UMT, and ERP	37.73	41.30	45.89	46.68	47.20	46.09	45.37	40.96	45.25	45.42	44.75	42.79	41.47

¹ Above figures for Army do not include costs of government or relief in occupied areas, nor civil functions of the Corps of Engineers.

² The total appropriation figures for naval aviation do not include pay, allowances, subsistence, medical care, etc., of uniformed personnel, whereas the similar figures for Air Force do include such pay and support of uniformed personnel. The figures for the total appropriations for Navy do include pay and support of all uniformed personnel of the Navy.

³ These figures represent the current cost of replacement of aircraft transferred from storage to operation.

⁴ These figures represent estimates for establishment and operation of military training facilities.

Mr. Chairman, at this point I shall insert a brief statement from our report which will describe the plans A and B referred to in the tables:

PLAN A

From the information made available to the Board by the Air Force and by the Navy separately, it would appear that the initial

strength necessary to mount promptly an effective, continuing, and successful air offensive against a major enemy, is what is termed the Air Force 70-group program of 20,541 aircraft, plus the Navy program of 14,500 aircraft, total 35,041 aircraft. At the level-off period in 1953 these programs would require thereafter an annual Air Force procurement of 86,000,000 airframe pounds and

an annual Navy procurement of 25,000,000 airframe pounds—total, 111,000,000 airframe pounds annually.

PLAN B

Based on the same sources of information, the strength necessary to prevent the loss of a war upon the outset of hostilities appears to be the same program outlined in plan A above, but without reserve aircraft, which

means a combined Air Force and Navy aviation procurement of 63,000,000 airframe pounds annually. For the purpose of comparative budget study (see tabulations) we have assumed that the combined annual procurement of 63,000,000 pounds might be divided into approximately 45,000,000 for the Air Force and 18,000,000 for the Navy. This plan is designed to provide a force sufficient to (a) withstand an initial blow intended to cripple the United States, (b) form the basis for a strong Territorial defense, and (c) provide effective retaliation, but not a sustained offensive action. Under this plan it is estimated that the aircraft manufacturing industry would require a year longer to reach the volume of aircraft production necessary to cope with attrition, than it would under plan A.

In the meantime it became obvious that a difference of opinion amounting to almost private hostility existed between the Navy and the Air Force as to which of them was to be responsible for certain roles and missions. This difference developed when the question was asked of them whether or not the statements of requirements as presented had been approved by the Joint Chiefs of Staff. The answer by each of them was a reluctant "No."

It then developed that the reason the figures had not been approved by the Joint Chiefs of Staff was that there was no agreement between the Joint Chiefs as to the assignment of roles and missions of the respective services.

Finally the reason behind this disagreement came out in the fact that the Unification Act of 1947 was somewhat ambiguous in certain respects, and that the Executive Order of the President No. 9877 which further defines the roles and missions of the armed services differs from the Navy's interpretation of the law so the Navy chose to disregard the Executive order of the President where the order, as the Navy sees it, differs with the law.

Plainly, the seat of the conflict lies in the fact that the Unification Act was passed in the first instance. No one in this Chamber will forget the lobby job that was done to prevent its passage until certain changes were made in the language. The fight continues and rages downtown now and perhaps the only way to settle it is to amend the act. Meantime the very able and distinguished Secretary of Defense has his hands full and needs to be supported in his efforts for unification.

The controversy revolves, principally, around the question as to whether the Air Force is to be solely responsible for the strategic bombing mission or whether the Navy should have a part or, as some claim, all of that mission.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Indiana.

Mr. HALLECK. I observed in the press this morning that Secretary Forrestal is said to be calling a meeting of the Joint Chiefs of Staff over the week end to try to do something with this very problem that the gentleman has been working on for a long time and is now talking about. Can the gentleman give us any idea, beyond anything we have seen in the press, as to what may be in

contemplation in connection with that rather belated action?

Mr. HINSHAW. I know that the Secretary has been wrestling with this problem for a long time, as have the Members of our Board, and I believe that he has now come down to the point where he may have received full authority from the President to order that this question be settled, and settled now. It must be settled now. He has stated, as I understand the report in the press, that the Joint Chiefs are to meet over the week end for this very purpose, and that if they themselves are unable to reach agreement, that he will make the decision himself. Our Subcommittee on Combat Aviation informed all of them put together that if they were not able to settle the controversy it was going to have to be settled in the Congress of the United States as the only other place and the last resort for its settlement. We, of course, here, are not qualified as military experts and we should not have to settle that question. It should be settled by the Joint Chiefs themselves, but if they cannot settle it, we will.

Mr. HALLECK. If the gentleman will yield further, I am quite sure that all of us who supported the so-called Unification Act did so in the hope that we would avoid duplication of effort, and that we would be better assured of getting a dollar's worth of national security for a dollar spent. I do think it is high time that something be accomplished in that direction, and I want to commend the gentleman for calling the attention of the House and the country, in the very able way that he has, to this very important problem.

Mr. HINSHAW. I thank the gentleman.

Mr. COLE of New York. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from New York.

Mr. COLE of New York. It is my understanding that one of the major bases of controversy which has prevented an agreement by the Joint Chiefs of Staff is the extent to which the Navy will use air power in prosecuting naval operations.

Mr. HINSHAW. It is principally the extent to which the Navy shall use strategic bombing in its efforts.

Mr. COLE of New York. Well, that is not the information that comes to me. The controversy goes beyond strategic bombing. But, the other basis of disagreement is the use of the Marine Corps. The gentleman has said that if the Joint Chiefs of Staff cannot agree on the proper correlation of these various types of service, the Congress must. I want to remind the gentleman that the Congress did declare its policy with respect to naval operation and the use and function of the Marine Corps in the unification act, and that any agreement which the Joint Chiefs of Staff reached should be in conformity with the provisions of that act and not in violation of it.

Mr. HINSHAW. That may be true, but if the gentleman will examine the act again, he will find that there are certain ambiguities in the act. For example, in the act the strategic bombing mission

is assigned to the Air Force but, on the other hand, in the Navy section of the act, the Navy is permitted to use any type of weapon or missile or other means of carrying on war and, of course, the Navy interprets that to mean that they are entitled to engage in strategic bombing. There is where the controversy arises and, of course, that is an evident ambiguity. It may be necessary to delineate the real intent in the law. But certainly the President, as Commander in Chief of the armed forces of the United States, should write an Executive order further defining the missions and roles in such a way that there shall be no conflict between the several branches of the service. It should not be up to us to decide who shall do what.

In that controversy are involved several billions of dollars of budgets over the years to come. So we come right back to the subject of budgets and appropriations.

As both services now claim that mission there is a very large duplication in the stated requirements of the services for aircraft and, by the Navy, for super aircraft carriers, and auxiliary vessels.

When your Aviation Policy Board saw this controversy clearly, we demanded a unified plan of action. None was forthcoming as none has or can be properly prepared until either the Congress or the President or both decide which service is to do what.

Meantime, however, we have urged and there is now in process, we believe, a study to determine what may be the right answer. The meeting that was announced by the Secretary for this week end is no doubt a part of that study. Upon that answer can be based a proper budget for the National Defense Establishment.

We have demanded that this determination and the corresponding budgets be prepared by June 30, 1948, at the latest, so that proper budgets for the Army, the Navy, and the Air Force may be presented to the Congress before adjournment of this session.

In the meantime, however, it is quite obvious to your Aviation Policy Board that over the next 5 or 6 years, or until the world calms down into a stable and permanent peace, there must be material increases in the military budgets. It only needs to be pointed out that today we are living off the surpluses of World War II. We are taking out of storage about 45,000,000 pounds of airframe per annum and procuring about 18,000,000 pounds. In about 2 years the effective storage aircraft will have been withdrawn completely and from then on our air services will decrease in strength unless provision for deliveries at that time are made now. You cannot turn the aircraft manufacturing industry off and on like a spigot. It takes time to build up capacity. It takes more than a year to double the production rate. The rate must be tripled and more to break even on air power 2 years from now, let alone to improve upon our air power.

So it is the opinion of your Aviation Policy Board that additional contract authority be granted now in the 1949

budgets, but that the air arms must come up with a properly unified statement of requirements.

Let us turn then to the total budgets of the armed services as carried in our report (S. Rept. 949) and note that without unification, these budgets call for budget increases from 50 percent to 70 percent for the armed services.

Then add to them all of the other functions of Government including universal military training and ERP which have not as yet been authorized and add to them the more recent requests for funds for the Orient, for Greece and Turkey, and you have staggering requirements coming up for the future.

Then remember that only five major categories of expenditures account for 80 percent of the 1948 budget. A bit of mental arithmetic will show that in the future these five categories may easily mount to better than 85 percent of the enlarged budgets.

In other words, if all of these requested items be included in the Federal budgets of the future, even if savings through real unification can be effected, that portion of the budget devoted to prevention, prosecution, and liquidation of wars will come close to five-sixths or six-sevenths of the total annual Federal expenditures, leaving one-sixth or one-seventh to carry on all of the other, the domestic, functions of Government.

Plainly it is time now to call a halt and to reexamine that five-sixths of the Federal budget. The Department of National Defense is doing that for its part right now. It must not only examine the controversial question of roles and missions, it must examine the question of how big a force is needed in what components and how to raise and train reserve armies of what needed size.

The State Department and the President might find new and better ways to bring about strength and recovery in Europe and Asia at less expense to the United States. Other questions should be examined with great care too. The United States might be laid into ruin and subservience to a dictator by defeat in war, but it can defeat itself without a war by spending itself into bankruptcy and chaos.

Therefore we must have 100-percent efficient employment of the tax dollar everywhere that a tax dollar is spent in order that we may not be defeated by anyone, including our own selves.

Mr. Chairman, I have an editorial that appears in the Lafayette Courier and Journal of Lafayette, Ind., of March 8, 1948. Lafayette is in the congressional district so ably represented by our distinguished majority leader [Mr. HALLECK]. The editorial reads:

DEFENSE AS UNIT

According to reports from Washington, a terrific undercover struggle is going on in the House over peacetime military conscription. Powerful lobbies are exerting every means to force the UMT bill out of the Rules Committee, where it has been bottled up after having been approved by the Armed Services Committee.

UMT is one of the hottest issues facing Congress and most Members likely hope they will not be compelled to vote on it in an election year.

It is to be hoped that UMT will not be considered independently, but rather as a part of the entire national defense picture. It is estimated that UMT, if adopted, will eventually cost the Nation at least \$7,000,000,000 a year. Others, equally concerned with the Nation's safety, believe we should develop the world's greatest air force. The Navy has been contemplating new supercarriers and other expansions. Still others are convinced that we cannot maintain our spot in the sun unless we direct our principal attention toward several phases of scientific research and development. The costs of these various programs have not all been estimated, but they would run into many, many billions. And there are some who believe our national budget is already at the point of ruining and enslaving the Nation.

What is to be done? Do we want, or need, all the defensive developments enumerated? Can we afford them? Which is the more important? It would appear that we cannot arrive at the right answer unless all of them are studied in their relation to each other and to the times and needs. Taking up UMT or any other one singly might lead to serious mistakes being made. Why not study our defense problems as a unit and act accordingly?

That is sound advice.

Mr. BATES of Kentucky. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, you would not have known in the work of the subcommittee that there was a minority and a majority party. The chairman of the committee was very patient and very considerate and dealt fairly with the members of his own party as well as ours. The other members of the committee were likewise helpful in every way that they could be, as well as the secretary of the committee, Mr. Hobbs. We agreed on everything in the report so far as appropriations were concerned. I had not planned to say anything about it, and had intended to let it speak for itself. But I saw a press release which made me feel that perhaps I should say something with reference to the Bureau of Internal Revenue.

Mr. Chairman, the country and the Congress have, within the past 2 days through press releases emanating from the House Committee on Appropriations, and making public the report of investigators of the committee, been treated to a new low in party politics in the vicious and unwarranted attack upon the Bureau of Internal Revenue of the Treasury Department. Within my memory, and certainly during my service in this body, I have never witnessed such wantonness and irresponsibility on the part of a committee of this House.

What is known as the Investigating Committee of the Bureau of Internal Revenue was conceived in malice and utter lack of constructive purpose, and the report of its investigators to the Appropriations Committee, and the press releases issued by that committee, based on the report of the investigators, is in keeping with the original notion of the investigators and the results desired to be obtained by those determined to do injury to the Bureau regardless of the facts.

When last year the Bureau, according to an informed press and highest officials in a position to know, properly resisted an unjustified cut in its budget for the fiscal year 1948, it sealed its doom with

the Committee on Appropriations. By incontrovertible proof officials of the Treasury and of the Bureau established as an over-all proposition that for each \$1 spent by it \$20 in revenue was collected. An excellent business proposition for anyone. What industry in the country would not like a similar deal; that is, to be assured if it put up \$1 it would receive in return for that expenditure \$20. Every informed person on the subject was convinced that for the year 1948 it was bad business to cut the Bureau appropriations. But it had to be cut, so said the powers of the House Appropriations Committee, and cut it was, the reduction being approximately \$20,000,000. This resulted in the separation from the service of many examining agents who had been but recently trained for their jobs and who were engaged in checking the fat returns of the war years bristling with additional taxes due the Government from all types of taxpayers, and some of them, indeed, many of them of the black-market type. The honest taxpayers of the country were shocked by the reduction act. An informed press cried out against it. But those responsible for legislation ignored facts and carried to finality the unbusinesslike cut. And, witness if you will, the juvenile attempt on page 8 of the committee report to justify last year's cut.

The report of the committee abounds in generalities, conclusions, but no proof. But it has served as the basis for the smearing press release of the committee. It did not have the effrontery to include in the report made to this House the unfair and wholly false charges against the Bureau which they included in their press release.

Here are some of the utterly false charges emanating from the release: Drinking of intoxicating liquors while on duty; sleeping on the job; inefficiency of employees; and other similar charges. The investigators do not name the employees who were drinking on duty; they do not name the 2 employees out of the 5,000 who slept on duty. In what respect employees were found to be inefficient is likewise not specified by the investigators. Words, words, but no proof. Everybody put under suspicion but nobody specifically charged. Very small procedure, indeed. But puerile and contemptible as the charges are which appeared in the press, they also have a serious side, in which every honest taxpayer in this country is interested. Such charges, although generally known to be untrue by informed people, cannot help but injuriously affect the morale of the officials and employees of the Bureau who have so loyally and successfully collected the revenues of this country, and did so in that manner to finance the two World Wars in which the country has been engaged. Such charges must give aid and comfort to taxpayers who are not inclined to cooperate in the payment of their just taxes. Such unfounded charges are wholly on the side of the tax chiselers and evaders. The record of the Bureau over the years in dealing with the tax crooks is too well known to dwell upon here, other than to call attention to the fact that such record puts back

in the teeth of those responsible for the charges the utterly false implications conveyed.

As I have indicated, the approach of the investigators was antagonistic to the Bureau. They went into the Bureau with a chip on their shoulders. They were interested in small things, as evidenced by the type of the charges. They were not concerned with any major problems that might have been confronting the Bureau. They were looking for empty whisky bottles in the basement. They were trying to find out how many employees drank coffee during office hours, and who was leaving the building 5 minutes before closing time. Not one major revenue problem was tackled by these investigators.

A governmental agency with the splendid reputation of the Bureau must have some redeeming procedures, but in the report of the investigators you will find no mention or discussion of such qualities. The investigators went out to get "small stuff," anything that could be used as the basis for a smear campaign, be it truth or fiction, and no one will deny they lived up to that purpose.

I know it cannot be successfully disputed that the Bureau of Internal Revenue has always been regarded as one of the most efficiently operated governmental agencies. It deals with the public in its activities to a greater degree than any other public agency. It has been singularly free from scandal, considering the nature of its activities. The keymen of the organization are largely career employees and are professional men, being lawyers, accountants, economists, engineers, and so forth. I cannot but feel the overwhelming majority of the Members of the House feel outraged at this smear attempt. All Members have dealings with the Bureau for their constituents. I have never heard from any Member of this House any criticism of inefficiency on the part of the Bureau or its officials and employees. I know that the Members of this House believe in fair dealing. Therefore, they cannot feel other than embarrassed over the conduct of these investigators, which conduct I am now complaining of. Such petty conduct and charges should have no place here. As I have noted, the investigators instead of attempting a constructive job appear to have spent their time and the money of the taxpayers in snooping in the basement of the building in search of empty whisky bottles, or key-hole peeping to catch someone taking a nap, or following some employee to the coffee bar, and other like petty procedure.

Even the committee has paid little attention to the recommendation of their investigators that the 1949 budget be cut \$3,000,000, when it has recommended in its report a cut of \$530,000.

The committee—page 11 of the report—recommends the Hoover Commission on Organization undertake an investigation at the earliest opportunity of the Bureau's activities. I am sure that the officials of the Bureau will welcome any fair investigation and will furnish all possible assistance just as it was ready and willing to do in the investiga-

tion I am discussing, and as it has done in the very recent investigation by the Joint Committee on Federal Taxation which was made practically concurrently with this investigation.

The CHAIRMAN. The Chair wishes to state for the information of the Committee that the gentleman from New Jersey [Mr. CANFIELD] has used 1 hour and 28 minutes; the gentleman from Virginia [Mr. GARY], 31 minutes.

Mr. CANFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, the gentleman from Virginia [Mr. GARY] and the gentleman from Kentucky [Mr. BATES], as I understand it, seek to minimize the laxity, inefficiency, and waste of time, effort, and money in the operation of the Bureau of Internal Revenue both here in Washington and in the field, as reported by Appropriations Committee investigators.

The Bureau of Internal Revenue, Mr. Chairman, may not be the worst offender in this respect. In the light of the investigators' report, however, its negligence would seem to merit censorship even from those hardened to the principle that it is proper to maintain thousands of excess workers on the Federal pay roll, providing they vote right at election time.

Take the matter of working hours in the Bureau of Internal Revenue as reported by the investigators. Working hours are apparently supposed to be from 8:15 a. m. to 4:45 p. m. with a 30-minute lunch period and two additional 10-minute rest periods morning and afternoon, known as "coffee time," when personnel are permitted to go to the snack bars for coffee and other refreshments.

The investigators report that lunch periods are usually very much extended and that over an hour is often consumed in respect to the 10-minute rest periods. No check is made by the Bureau. The investigators point out that if we apply this waste of time as an average to 5,066 employees on the Bureau pay roll as of July 1, 1947, it will result in the loss of 5,488 hours per day, or 171,500 days per year. This is equivalent to the loss of \$2,200,000 per year.

The investigators also report great loss of time in Washington due to the daily exodus of personnel from the Bureau prior to closing time, and express the opinion that it is more than generous to estimate that the Washington office is securing on the average 6 hours of work per day per employee.

Similar conditions are reported in respect to other offices.

Let me read this excerpt from a supervisor's report dated May 31, 1947, covering an examination of the collector's office in St. Louis, Mo.:

It appeared to the supervisors during the course of this examination that discipline is not as rigidly enforced as it should be, both as to hours of work and the conduct of employees during business hours. Undue visiting among the employees was prevalent, at their desks as well as in the corridors and rest rooms. Thus, it appears that the maximum amount of work is not being secured from the employees, with the result that

more employees are needed to accomplish a given amount of work than if the full services of the employees were being received.

There are a score of similar examples.

For instance, the collector of internal revenue for the district of Louisiana, located in the United States Customhouse in New Orleans, admitted that there are substantial abuses of sick leave in his office. The day most often taken, he said, is Friday, because by taking Friday off the Federal employee can take a 3-day week end rather than the usual 2 days.

A review of the 1946 reports submitted by the Bureau's own Supervisors of Accounts and Collections disclosed that 714 employees were reported to be unsatisfactory or below average. Time prevented the checking of the personnel records of all 714 employees. However, the personnel records of 50 of these, selected at random, were examined and the tabulation revealed 46 percent of the unsatisfactory or below-average employees whose records were test checked still in the service of the Bureau as of September 20, 1947.

Under leave to extend my remarks I include the following sample reports from supervisors in this connection:

Birmingham, Ala. Thirty-five deputy collectors below average.

Little Rock, Ark. Sixteen deputy collectors unsatisfactory.

San Francisco, Calif. Forty-three deputy collectors unsatisfactory.

Los Angeles, Calif. Ninety-three deputy collectors unsatisfactory.

Hartford, Conn. Twenty-eight deputy collectors below average.

Boise, Idaho. Eight deputy collectors unsatisfactory.

Chicago, Ill. Ten deputy collectors unsatisfactory.

Des Moines, Iowa. Thirty-one deputy collectors below average.

Wichita, Kans. Twenty deputy collectors below average.

Louisville, Ky. Fourteen deputy collectors below average.

Baltimore, Md. Thirteen deputy collectors rated poor.

Detroit, Mich. Fifty-two deputy collectors unsatisfactory.

Fargo, N. Dak. Thirteen deputy collectors below average; eight entirely unsatisfactory.

Toledo, Ohio. Eighteen deputy collectors unsatisfactory.

Cleveland, Ohio. Seventeen deputy collectors unsatisfactory.

Oklahoma City, Okla. Twelve deputy collectors unsatisfactory.

Nashville, Tenn. Twenty-one deputy collectors below average.

Austin, Tex. Twelve deputy collectors unsatisfactory.

Parkersburg, W. Va. Twelve deputy collectors unsatisfactory.

Milwaukee, Wis. Fifteen deputy collectors unsatisfactory.

In Hartford, Conn., Mr. Chairman, officials of the Internal Revenue Bureau have been indicted recently for violation of the Hatch Act.

In Washington, committee investigators reported hard-to-get metal file cases used as storage bins for old shoes, rubbers, pie plates, tin cans, and so forth.

An enormous waste of paper is also reported, including undistributed tax forms and instruction sheets dating back to 1921, thousands of bundles of which have never been opened. The Bureau's

own tabulation is reported to reflect a total of 81,962,000 undistributed income-tax blanks for the year 1946 alone.

It is impossible to estimate the hundreds of millions of forms which are presumably rotting in storage all over the country.

Mr. Chairman, this is the Government agency which made such a hysterical outcry when its appropriations were cut last spring. This is the agency which, with the help of New Deal propagandists, castigated the action of the Congress and in effect condoned the deplorable conditions within the agency.

The investigator's report is a sad commentary on those who are responsible for the operation of the Bureau of Internal Revenue.

Mr. JACKSON of Washington. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I have served on several different committees in the House of Representatives during my tenure of office here. May I say that I have never served under a chairman who has been more fair and judicious than has the distinguished gentleman from New Jersey [Mr. CANFIELD]. There has been no party division line in our committee in the consideration of appropriations for these departments of Government. The appropriation items have been fully discussed by previous speakers. There is no dispute whatever regarding the appropriations that have been reported to the House. We do differ, however, in the interpretations and the deductions that have been made in connection with the report of the investigators. The gentleman from Kentucky [Mr. BATES] and the gentleman from Virginia [Mr. GARY] have explained pretty much in detail our objections and I have only one or two supplementary remarks to make.

Mr. Chairman, the charge has been made, for instance, that one official, I believe in Wilmington, Del., embezzled some \$34,000. Standing by itself without any understanding of the amount of money handled by the Bureau one might come to the conclusion that the Bureau is overrun with crooks. The Bureau of Internal Revenue employs some 50,000 people collecting \$40,000,000,000 in taxes annually.

I would like to put this question to the House: Do you know of any business firms that handle large sums of money each year that do not incur some misappropriation of funds during the course of the operation of the businesses? In this connection there is presented to the House this one lone example of a misappropriation of \$34,000 out of a total handling of some \$40,000,000,000 by the officials of the Bureau of Internal Revenue. Frankly, I think that is a remarkable record in itself. You start checking through the banks of our country that only handle a small proportion of that sum, and I dare say you will find misappropriations running into millions of dollars.

It has been my experience that the officials in the Bureau of Internal Revenue have been men of integrity and ability. We know that particularly the men in the field work long hours without extra compensation for overtime. I

know of no more courteous group of people in the service of our Government than the people who make out our income tax returns, and to say because a few here and there may be loafing on the job that the department as a whole is inefficient, seems to me to be an unwarranted inference from the report that has been submitted to the House. I am one who believes very strongly that we should have these investigations from time to time. I think it is a healthy thing to have an accurate check on the executive branch of the Government. But, let us be a little more judicious and a little more careful in the conclusions that we draw from the reports of the investigators. I believe if we do that that we will render a real service to our country.

Mr. CANFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. GRIFFITHS], a member of the committee.

Mr. GRIFFITHS. Mr. Chairman, I listened a few moments ago to my good friends, the gentleman from Virginia, the gentleman from Kentucky, and the gentleman from Washington, in regard to the investigations. I am not too much worried about that. Some of them may be a little bit trivial, but some of them, I think, might be productive of pretty good results. I am sorry that my good friend referred to it as a political smear. I do not think it was. He remarked, for instance, about the Newark case where the girls threw the returns down the toilet and flushed them away. Well, what bothers me about that is this: Here is an office. They have certain work to do. Where was the supervision? It took them 3 months to find out that such a thing happened. Do you call that efficiency in an office? Another thing he talks about are the delinquents. Now, if you consider it very good attention on their part that some of them are often 3 years delinquent on answering, well, all right. Personally, I do not.

Sure, a lot of them do it and do a good job of it. Those that do not are wasting money. That is why in another year I want to see some results, or I certainly will not go along on this training program.

One thing that really tickled me was that a few minutes ago someone was talking about the unjustified cut we made last year in the Internal Revenue Bureau. I am not ready to admit that it was an unjustified cut. It came out of the committee unanimously. Maybe the gentleman has changed his opinion now. They did talk last year about our having a \$400,000,000 cash loss. If such was the case, do you not suppose the Treasury Department would come around this year and ask for an increase in the appropriation, if they knew the Government was losing \$400,000,000? Of course they would. When I asked Secretary Snyder about it, on page 63, he said it might not be a 20-to-1 ratio, it may be 15, it might be 10, or even 5, but he thought any time you collect more money than you spend it is a good thing. I said, "Yes; and it could be a 75-to-1 ratio, too." He admitted that it might possibly be 75 to 1. I think a little bit more

efficiency will bring in better than 20 to 1.

There are plenty of good men down there. To tell you the truth, I have never met an internal-revenue agent that was not a pretty good man. I have thought they were pretty tough, personally, several times in my life.

They remarked that we accused them of drinking liquor down in the basement of a building, because there is a picture showing bottles down there. I did not give the picture much attention. I looked at it and saw the name on it, and said to the gentleman from Kentucky that that was not a name I was familiar with, was it a product of his State, and he told me "No," he thought it came from Virginia; that it was not very good stuff, anyhow. So when you see a couple of bottles and then accuse 5,000 people of being drunk, there is nothing to it. Of course, they need a little jacking up, and I think they got it.

Supplementing the remarks made by the chairman of the subcommittee, I would like to comment on three parts of the bill.

The first is the departmental appropriations for the Post Office; the money to be spent here in the District of Columbia. These appropriations amount to \$8,037,500, of which \$5,877,500 is for salaries. The subcommittee only reduced this estimate for personal services by \$240,500, and the reduction was applied chiefly against the requests for a considerable number of new employees. Except for the Office of the Second Assistant Postmaster General and the Bureau of Accounts, all these Washington offices will receive more money for 1949 than they have this year. Reductions below the 1948 figures were made impossible in most cases because of the still increasing postal revenues. The Second Assistant's Bureau was reduced because last year Congress granted funds for temporary employees to assist in the preparation of the Department's defense against the petition of the railroads for a 45 percent mail rate increase. The work of these temporary employees being completed, the Post Office did not recommend their retention and therefore requested less money than was granted last year. A work simplification program is under way in this office, and savings in positions have already been reported.

The First Assistant Postmaster General has the supervision of the mail handlers, such as clerks and carriers and postmasters, and is the office which is directly responsible for the delivery of mail from post offices. This office will receive \$47,500 more next year than it had in 1948, making possible the addition of a few new positions, which are needed to clear up a backlog of work which has developed, and thereafter to keep the work current.

A safety program, which has the full endorsement of the subcommittee, is to be instituted in the Post Office Department, and it is hoped that such a program will be complete and vigorously maintained. An increase of \$20,000 has been granted to the office of the Postmaster General to institute such a program. Some reduction has been made

in the estimates for the Postmaster General's office because the subcommittee believes, as it did last year, that too much money is being spent for public-relations personnel. This staff should be reduced and the money used for more necessary functions.

The Third Assistant Postmaster General is the fiscal officer of the Post Office, and the appropriations for his Office are up \$17,500 over this year. No new employees were requested for this Office, and the increase will be used up through automatic promotions and personnel turn-over. More modern methods could be used in this Office, and the committee has made provision for this by including in the equipment appropriation a proviso calling for the expenditure of \$400,000 for such devices in the next fiscal year. Elimination of archaic practices throughout the Department will lead to eventual savings, and it is the belief of the subcommittee that the expenditure of this sum in 1949 will be a good start.

The second point I wish to discuss deals with the Office of the Fourth Assistant Postmaster General, both in Washington and in the field. The departmental office will receive an appropriation which is \$39,500 above its 1948 figure, but this represents a reduction of \$71,000 from the estimates. This Office has charge of all post-office buildings, the vehicle service, and equipment and supplies. In Washington, 35 additional employees were requested, and this included restoration of 16 positions which Congress abolished this year. The subcommittee did not allow most of these positions because it was felt that to do so would only be augmenting a force which is engaged in performing duties on an outmoded and archaic system. There is little doubt but what the work of this Bureau could be greatly streamlined, with greatly increased efficiency and decreased manpower. This is particularly true of the Topography and Vehicle Divisions. Indicative of the attitude of this Bureau is the fact that it requested removal of the proviso calling for expenditures for modern mechanical devices throughout the Department, even though such a proviso was originally requested by the Third Assistant Postmaster General. Rather than eliminate the proviso, the committee has retained it and has increased the funds covered 100 percent.

In the field one of the items handled by the Fourth Assistant's office is the laundering of towels, and the funds for this purpose have been so mismanaged as to create a national stir. The money for this service comes under the appropriation "Operating supplies for public buildings." When the Department submitted its 1948 estimates for this appropriation the subcommittee found several items which it thought could be reduced, mostly along the line of cleaning supplies and equipment. The committee did not consider it advisable to reduce the estimate for laundering towels, and did not intend that such estimates would be changed. But it was felt that the amount requested for supplies and equipment had been overestimated, just as is the case again this year. For example, the De-

partment feels that all windows in all post offices should be washed once a month, and requests funds to permit this. The committee feels that once every quarter is quite sufficient, and therefore reduces the total estimate accordingly. As another example, the Post Office for 1949 wants to purchase 1,000,000 more sheets of carbon paper than it did in 1948, and the committee scaled down this estimate. The Department, instead of submitting a complete list of specific items it desires to purchase, supplements the lists of specific items with numerous "miscellaneous supplies" or "miscellaneous repairs." Requests submitted in such form were scaled down. The Department, however, seems more anxious to economize in places where the public will take more notice and where greater objections will be raised. Although the Post Office submitted many supplemental estimates for the 1948 appropriations, it was not until the last few weeks that they requested additional money for such laundering, although the curtailment of laundering was public knowledge many months ago. By using common sense in its purchases the Post Office can get along very well without taking steps to call to the public's attention what it chooses to call "penny pinching" on the part of Congress. Another laughable effort along those lines occurred in Detroit, where the superintendent of the Federal Building requested patrons not to use the elevators "when going up one floor or down two floors." This was all because of a cut in Federal appropriations last July, building officials said. It has not yet been possible to determine where any savings were made because elevators did not stop at every floor.

The people are demanding economy in government, and this Congress is trying to give them both economy and efficiency. I think we are doing a pretty good job of it, but it is a sad commentary when the executive departments ignore or deliberately misconstrue the intents of Congress.

It cannot be denied that the Post Office in many instances does cling to archaic methods. Fortunately some of the officials there see this, and would like to modernize and streamline. The Third Assistant Postmaster General asked that a proviso be placed in the equipment item, which comes under the Fourth Assistant, calling for expenditure of \$250,000 for modern mechanical devices. As one example, a punch-card system could be installed in the fiscal offices of the Department with such funds. The Fourth Assistant's office recommended to the Bureau of the Budget that this proviso be stricken out, and it was. The committee not only restored it but doubled the previous amount carried so that \$500,000 will be available in 1949 for modern mechanical devices.

One item in the Treasury bill I would like to comment on because it involves an appropriation from which much good can come if it is properly spent, but which might lend itself to improper spending. That is the allocation which gives \$3,750,000 to the Savings Bonds Division of the Bureau of Public Debt. No one denies that the channeling of United States

savings bonds into the hands of individual holders is an excellent idea, nor that benefits will accrue if the proceeds are used to reduce the bank-held portion of the public debt. The Treasury has told us that that would be their program and requested \$4,658,000 for the Division of Savings Bonds, to spend on a special sales campaign this spring and summer. In 1948 this Division was originally allotted \$2,800,000. Feeling that more money could be used in the special promotional drive, slated to start in May, the Secretary of the Treasury looked around and found a savings of \$700,000 in the Bureau of the Public Debt, money which the Bureau was not going to spend for the purpose for which it was appropriated by Congress. The Secretary took this \$700,000 and gave it to the Savings Bond Division, making a total of \$3,500,000 the Division has to spend in fiscal 1948. They have planned an enormous campaign, involving radio programs, pamphlets, advertisements, movies, and similar forms of promotion. They plan to organize special divisions to promote sales among farmers, women, unions, Negroes, schools, and other groups. The plan was gargantuan, enormous, stupendous, and breathtaking. It was also extravagant, wasteful, and ill-conceived. It included almost every promotional idea thought up by man except for trained seals and hula dancers.

As a part of the fight against inflation, increased sale of Savings Bonds is a commendable idea, but it is not necessary to waste millions of dollars to promote such sales. The subcommittee has received protests from school principals about the wasteful type of material sent to them. We have had complaints about the radio programs, which certainly are not up to the standard set in other Government-sponsored broadcasts. Too little emphasis has been given to the participation of volunteer workers in the program. The Comptroller General has submitted a memorandum indicating excessive and unnecessary communications expenses. After very careful consideration, the subcommittee determined that the entire special bond drive could be run successfully on \$1,000,000 in fiscal 1949, which is in addition to the \$700,000 available for such special purpose in fiscal 1948. All of this is in addition to the normal operating expenses of the Division, for which \$2,800,000 is available in 1948, and an equal amount in 1949.

Mr. GARY. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Chairman, I ask unanimous consent to speak out of order and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Chairman, the Associated Press carries the news reports of a felonious attack upon Pfc Jack Grunden, a boy 18 years of age who lives in Portland, Ore., in my congressional district, by a Russian sentry, in front of the Russian Soviet headquarters in Vienna. According to the press dispatches, this American soldier boy, with

some companions, was passing in front of the Russian Embassy when Russian soldiers approached them and, according to reports, ordered them off the street and commanded them to walk in the gutter. The Oregon soldier was knocked down, beaten, and shot, and as a result he may lose an arm or his life. He is now hospitalized and a full report of his condition will not be known for some time. Other members of the party were seized by the Russians and some of them severely beaten and manhandled.

I have asked for a full report of this tragic happening and demanded that our officials leave no stone unturned to see that justice is done and the guilty parties punished.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. ANGELL. I yield.

Mr. CANFIELD. The press reports indicate that that terrible tragedy happened in front of the Grand Hotel in Vienna. I recall that sometime last September I was quartered with the congressional committee in the Bristol Hotel in the same block. In front of the Bristol Hotel, which was occupied by the American mission, there were no armed guards, but in front of the Grand Hotel there were Russian Guards with bayonets and no person was allowed to stand for a moment in front of that hotel.

Mr. ANGELL. I thank the gentleman for his contribution.

Mr. GARY. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, I have introduced a resolution providing for the apprehension and elimination of Communists and other advocates of subversive doctrines in the employ of the Government.

I ask unanimous consent, Mr. Chairman, that the reading clerk read the resolution in my time.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

Resolved, That the Committee on Appropriations, acting through a special subcommittee thereof appointed by the chairman of such committee for the purposes of this resolution, is authorized and directed to examine into any and all allegations or charges that certain persons in the employ of the several executive departments and other executive agencies are unfit to continue in such employment by reason of their present association or membership or past association or membership in or with organizations whose aims or purposes are or have been subversive to the Government of the United States. Such examination shall be pursued with the view of obtaining all available evidence bearing upon each particular case and reporting to the House the conclusions of the committee with respect to each such case in the light of the factual evidence obtained.

If in the opinion of the committee such evidence indicates conclusively the unfitness of any employee or employees of any department or agency of the Government to continue in such employment, the committee shall report the result of its investigations to the House. The report shall be accompanied by a House resolution concurring in the conclusions reported by the committee and expressing the opinion that such employees, designated by name and position, should be separated from the service of the

Government, such resolution when approved by the House to be transmitted to the President of the United States.

For the purposes of this resolution, such committee or any subcommittee thereof is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books or papers or documents or vouchers by subpoena or otherwise, and to take such testimony and records as it deems necessary. Subpoenas may be issued over the signature of the chairman of the committee or subcommittee or by any person designated by him, and shall be served by such person or persons as the chairman of the committee or subcommittee may designate. The chairman of the committee or subcommittee, or any member thereof, may administer oaths to witnesses.

Mr. CANNON. Mr. Chairman, this is no doubt a very familiar resolution to the Members of the House. It is the same resolution which I introduced in the first session of the Seventy-eighth Congress with the exception that instead of providing for the denial of appropriations for the pay of persons who have been found to be Communists or disseminators of subversive doctrines, it provides that the committee shall follow the same procedure in calling up persons charged with subversive activities, examining them, and reporting its findings to the House. Under this resolution, if the findings indicate Communist affiliations, the House shall by resolution approve the committee findings and certify the evidence to the President of the United States with recommendation of summary action by him.

Otherwise this resolution is identical with the resolution adopted in 1943 which effected the elimination from the service of the Government of every man reported by the committee to the House.

Mr. Chairman, we have witnessed within the last 3 years, and especially in the last 3 weeks, the destruction of free governments and the subjugation of free people throughout Europe and Asia. In each country it has been an instance of undisguised, unwarranted, and unprovoked aggression, such as can be found only in remotest medieval history.

The pattern followed in the conquest of each of these sovereign states has been identical. First, the foreign aggressors have organized a fifth column on the inside; then they have placed Communists in key positions, and through infiltration have taken over the control of the important administrative offices. Eventually they close in and send all patriots who oppose them to concentration camps or liquidate them before firing squads, or with the assassin's knife. The result is that without a declaration of war, without firing a shot, except in assassination or intimidation, they have subjugated great and prosperous nations and conscripted and sequestered life and property as arbitrarily and as completely as in any ancient despotism.

Now, the feature of this incredible usurpation and devastation which concerns us and which gives rise to apprehension in every civilized country today is that it is all a part of a progressive program. There might have been occa-

sion to think, when they first took over two or three neighboring nations that there was some particular need for the establishment of zones or buffer states which justified their acquisition. But, the deadly and considered method of these rapidly spreading conquests has now become all too evident to leave room for any doubt about their ultimate objective.

All the testimony before our committee corroborates the conclusion that it is a part of a long conceived and carefully planned campaign of world domination, not only of government but of ideologies, of philosophies so alien and so hostile to our institutions and our form of government as to make it impossible for both to exist in the same country. No one can doubt that these series of conquests, the absorption of state after state, have for their eventual purpose the conquest of America.

I do not have to say that the foremost desire of every American citizen, so far as our international relations are concerned, is to avoid a third world war. As a people we would make almost any reasonable sacrifice to establish enduring peace. But here in the third year since the close of the war we are no nearer a treaty guaranteeing the integrity of the nations of the world than we were when Japan capitulated. And as far as we can look into the disturbed and uncertain future there is today no prospect for peace or any agreement of any kind short of armed readiness for any eventuality.

Under these unhappy circumstances and in the light of the tragic experience of a dozen nations which have been destroyed from within, the integrity and loyalty of the employees of our Government becomes our first line of defense. If those employees are not dependable, if disloyalty creeps into the citadel itself we are nearing the beginning of the final crisis. We would then be following precisely the pattern followed in the subjugation of every European and Asiatic state which has been taken over.

There is reason to believe that vast sums of money have been expended and a far-reaching network of espionage has been at work in this country for some time with the purpose of establishing a fifth column which, when the opportune time arrives, will cooperate with disloyal forces on the inside to take over our Government and destroy the very agencies that should protect us. So, any charge, Mr. Chairman, that there is disloyalty among Government employees of the United States, however fantastic it may appear merits our earnest attention. With that in view, I have introduced this resolution.

It seems incredible that any American citizen would connive at the destruction of his own Government, especially when he contrasts its prosperity with the products of communism over on the other side.

But the chairman of the Committee on Appropriations has charged that there are 14 Communists in the Department of State, and similar charges have been made by others from time to time. We

were told in the last campaign that our Government departments, especially the Department of State, was honeycombed with communism. In one campaign speech it was claimed that there were officials high in the inner councils of government who reported to Stalin before they reported to the President of the United States. Such charges demand attention, and not only attention, but action. That is what is proposed in this resolution. We propose not to take it out in talking but to do something about it.

This resolution is in keeping with the record made by the administration and by the three previous Congresses, the only administration and the only Congresses which have attempted to eliminate Communists and communism from Government departments. Up to 1939 no action was taken by any administration or by any Congress to weed out disloyalty among Government employees.

The first step taken with a view to eliminating communism and disloyalty was on August 2, 1939, when we passed the Hatch Act, which included among other provisions the prevention of any person employed in any capacity in any agency of the Federal Government from holding membership in any political party or organization advocating the overthrow of our constitutional form of government. For the first time in the history of the Government we adopted means of actively combating subversive activities in the departments.

Subsequently beginning July 1, 1941, we included in all of the appropriation acts provisions that no part of any appropriation should be used to pay the salary of any person who advocates or is a member of any organization that advocates the overthrow of the Government of the United States by force or violence.

On February 5, 1943, in the first session of the Seventy-eighth Congress, we adopted a resolution authorizing the Committee on Appropriations to investigate and to report to the House the names of any employees whom evidence indicated to be Communists, with a recommendation that their salaries be denied.

Then on July 5, 1946, we adopted the provision known as the McCarran amendment, according the Secretary of State power of summary removal of all Communists and subversives from his department.

In brief, for the last several years we have developed for the first time in the history of the Government a consistent program of action to eliminate subversives from the service of the Government. As indicative of the attitude of the administration on this program, Mr. Chairman, I ask unanimous consent that the Clerk read the preface of this Executive order.

The CHAIRMAN. Without objection, the Clerk will read the matter referred to by the gentleman from Missouri [Mr. CANNON].

There was no objection.

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The Clerk read as follows:

EXECUTIVE ORDER PRESCRIBING PROCEDURES FOR THE ADMINISTRATION OF AN EMPLOYEES LOYALTY PROGRAM IN THE EXECUTIVE BRANCH OF THE GOVERNMENT

Whereas each employee of the Government of the United States is endowed with a measure of trusteeship over the democratic processes which are the heart and sinews of the United States; and

Whereas it is of vital importance that persons employed in the Federal service be of complete and unswerving loyalty to the United States; and

Whereas, although the loyalty of by far the overwhelming majority of all Government employees is beyond question, the presence within the Government service of any disloyal or subversive person constitutes a threat to our democratic processes; and

Whereas maximum protection must be afforded the United States against infiltration of disloyal persons into the ranks of its employees, and equal protection from unfounded accusations of disloyalty must be afforded the loyal employees of the Government;

Now, therefore, by virtue of the authority vested in me by the Constitution and statutes of the United States, including the Civil Service Act of 1883 (22 Stat. 403), as amended, and section 9A of the act approved August 2, 1939 (18 U. S. C. 611), and as President and Chief Executive of the United States, it is hereby, in the interest of the internal management of the Government ordered as follows:

PART I—INVESTIGATION OF APPLICANTS

1. There shall be a loyalty investigation of every person entering the civilian employment of any department or agency of the executive branch of the Federal Government.

Mr. CANNON. Mr. Chairman, this Executive order, of course, is signed by Harry S. Truman, President of the United States. I ask unanimous consent that the Clerk read the names of the Commissioners appointed under this order.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

A. Devitt Vanech, Special Assistant to the Attorney General, Department of Justice (chairman).

John E. Peurifoy, Acting Assistant Secretary of State for Administration, Department of State.

Edward H. Foley, Jr., Assistant Secretary of the Treasury, Department of the Treasury.

Kenneth C. Royall, Under Secretary of War, Department of War.

John L. Sullivan, Under Secretary of the Navy, Department of the Navy.

Harry B. Mitchell, President, Civil Service Commission.

Mr. CANNON. It will be noted that the highest type of Commissioners, men of unquestioned ability and integrity, have been selected for this important duty.

And we have secured results. According to the report made by the Commission before its duties were transferred to the Loyalty Review Board, it investigated 402,086 cases. Of those 402,086 cases, 44,490 were rated as ineligible. Of those rated ineligible, 1,323 were declared ineligible solely upon loyalty grounds. Not a one of those 1,323 employees is now in the employ of the Government. All have been removed. It shows that we not only took action but we secured results.

Now this Congress, also, has an obligation and a duty in the continuation of this record. And I have been waiting for the majority to bring in such a resolution as has just been read, or at least the authorization of some method of eliminating these Communists who are said to be in the Government and particularly in the State Department. No one will give heartier cooperation and support of any effective measure for that purpose than we will give on this side of the aisle. Why not appoint a subcommittee in the Committee on Appropriations as we did in the previous Congress and call those 14 men the chairman says are down there in the Department up here and dispose of them? Some may insist that 14 dissidents out of 20,000 employees in the Department of State is relatively a very small number but if there is only one down there, that is one too many, and he should be removed and this Congress should take steps to remove him.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from New York the distinguished chairman of the Committee on Appropriations.

Mr. TABER. As a result of the pressure that has been put on, 2 of those 14 were dismissed last week. I am hopeful that the others will be soon.

Mr. CANNON. Well, I do not know why we should say it was done as a result of pressure. We have been finding them and firing them right along. We have already got rid of 1,323, most of them long before any pressure could have been brought to bear by the Congress. And the administration is still removing them and the House is doing nothing to cooperate. Members of the House have talked about communism in the departments on every possible occasion, but they have done nothing to eliminate it. Here is a chance to do something about it.

The departments have their obligations in eliminating subversives. The administration has its obligation in removing disloyal persons from the employ of the Government. But the Congress also has its obligation, and up to this time it has contented itself with charges that Communists infest the departments and should be removed but has done nothing to remove them. Here is an opportunity to demonstrate the faith that is in us; that is in you. Here is a resolution to transmit talk into action. If, however, the majority think some other method is more desirable or will prove more effective, let us have it. We will cooperate.

Let us not be content to sit down and simply say, "There are Communists down there," and then do nothing about it.

So far as this resolution is concerned there are three objections that will be made to the method proposed.

First, those who do not want to do anything, who want to take it out in talking, will object that we already have a committee. And that is true. We have a Committee on Expenditures and a Committee on Un-American Activities.

But, Mr. Chairman, that was exactly the situation when we adopted this resolution in the Seventy-eighth Congress. There were other committees authorized to act at the time. But notwithstanding the existence of these other facilities you voted for it. The Speaker of the House, the gentleman from Massachusetts [Mr. MARTIN] voted for this resolution; the chairman of the Committee on Appropriations, the gentleman from New York [Mr. TABER], voted for this resolution; the gentleman from Indiana, the majority leader of the House, voted for this resolution. If they voted for it then, if it was a good resolution then, why is it not a good resolution now?

The second objection that will be advanced by those who prefer to sit down and let the departments fight it out with communism unassisted is that under the McCarran resolution the Secretary of State can dismiss any Communist found in the Department of State. That is correct, and we were told here on the floor Thursday by the gentleman from Alabama that every one of the cases which have been processed has been submitted personally to General Marshall, and General Marshall has either approved separation or has found the charges were without foundation.

But the charge is made by the chairman of the Committee on Appropriations that notwithstanding the McCarran amendment the Department of State is not getting rid of the Communists down there, that General Marshall is leaving them in. It is difficult to believe that General Marshall would leave any traitor anywhere, must less in the State Department, when evidence was submitted showing they were guilty. If that evidence has not been submitted to him here is a method of securing it and certifying it to him in a manner that cannot be ignored.

If the Department of State will not do it, let us do it, let us get rid of these 14 Communists and any others that are down there, or in any other department.

The third objection will perhaps be made that this resolution is not binding on the President. And it is not. But if we pass on to the President the deliberate and considered judgment of the House, naming these men and giving their positions, and stating that in the opinion of the House they are Communists, and should be dismissed we will get results. Even if the President wanted to keep these Communists in the bosom of the Government, which is unthinkable, the weight of public opinion would force them out. We have seen aroused public opinion operate. We saw the effect of pitiless publicity on the three fellows we had up here in the last Congress. When payment of their salaries was refused they applied to the Court of Claims and the Court of Claims sustained them. We carried it up to the Supreme Court. The Supreme Court said they were entitled to draw their back pay.

But their position was untenable. All three of them resigned. The department was too hot to hold them. Public opinion was too intense to permit them to stay. We got rid of them. If we

handled those 3 we can handle these 14 just as effectively and just as expeditiously under this resolution.

The other day when this matter was up, the gentleman from Wisconsin [Mr. KEEFE] took issue with me and made the statement that the facts were being garbled, that the facts were not given, or that the facts were misrepresented. I have notified the gentleman from Wisconsin [Mr. KEEFE] that I would take this up today. May I say that if there is any misstatement of fact, and apparently there was, it was the gentleman from Wisconsin who was guilty of the misstatement of facts on this floor. Here is what he said:

He—

The gentleman from Wisconsin—should get himself in accord with the facts and not make the charge on the floor of the House that the Republican chairman and the Republican Committee on Appropriations are failing in their responsibilities to get rid of communism existing in the State Department.

Well, now, what other conclusion can there be? The chairman of the committee made the statement on the floor that the Communists were there and he has done nothing to get rid of them. At least, no action has been recommended or reported to this House providing any kind of a method for their disposition.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. GARY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. CANNON. Mr. Chairman, the gentleman from Wisconsin then said:

The gentleman from Missouri makes the bald statement that under his administration as chairman he got rid of three of them and challenges the present chairman to emulate him in doing the things which he says never took place at all. * * * They did not fire these people at all. They stayed on the job.

Anybody knows that a Communist never gives up a job on the inside as long as he can hold it. These people would be in their jobs today if we had not taken action. We did get rid of them. They are no longer a part of the Government. All of them were out of the employ of the Government before the opinion was handed down by the Supreme Court.

Now, the gentleman from Wisconsin takes great credit to himself for the part that he had in this proceeding.

He makes the statement that he had the honor to suggest on the floor of the House that a new special committee should be appointed for this purpose. And he says it was done. You get the impression, in reading his speech, that he initiated the proceedings. As a matter of fact, all he ever did was to go along with the Democratic majority. The matter was first suggested by the gentleman from Florida [Mr. HENDRICKS], who, in 1942, proposed that action be taken, and who, in 1943, offered an amendment to deny the salary of certain men accused of being Communists. At the time that amendment was under consideration, the gentleman from Wisconsin [Mr. KEEFE] debated the question. He made no suggestion whatever that he had ever

thought of taking any such action. He was undoubtedly present, because he is quoted in the RECORD as saying:

The very voices that are now crying out against the adoption of this amendment, however, are the voices that in the last campaign vilified me because of my pre-Pearl Harbor votes.

He seems to be sensitive about his pre-Pearl Harbor votes.

And Mr. O'Connor interrupted him to say:

I was branded just the same as was the gentleman from Wisconsin [Mr. KEEFE] by the New Republic as being an agent of the Nazi government.

The gentleman from Wisconsin [Mr. KEEFE] acquiesced:

I remember well the situation that existed in this country at the time of the last war. I know how emotions can be whipped up, and I feel that we should act deliberately in this matter with full knowledge of what we are doing.

Then he makes a statement that he was appointed on the committee by the Speaker of the House. He had just previously said he was glad I had appointed him. So, it is a question of when the gentleman was making a misstatement. Was he making a misstatement when he said he was appointed by the chairman of the committee or when he said he was appointed by the Speaker? Certainly, he was making a misstatement when he said we did not get rid of the three Communists.

The gentleman from Wisconsin not only contradicted himself but he also contradicted the gentleman from Minnesota [Mr. JUD] when he insisted that due to the decision of the Supreme Court the committees of the House were without power to rid the department of Communists and other objectionable employees. The gentleman from Minnesota [Mr. JUD] in the same colloquy stated that his committee, the Committee on Expenditures in the Executive Departments, was getting rid of many of them. If the method by which the Committee on Expenditures in the Executive Departments is getting rid of the Communists in the departments is not permissible under this resolution, then let us adopt the plan followed so effectively by Mr. JUD's committee. Let us use it on the 14 Communists which the chairman of the Committee on Appropriations tells us are impregnably entrenched in the State Department. Let us either take steps to get rid of Communist-affiliated employees in the Government or quit talking about them.

Mr. Chairman, these are dangerous times. No one familiar with the international situation can view the future without concern. I cannot bring myself to believe that we are in danger of a shooting war, at least not in the near future, although unquestionably there is always the possibility of unexpected developments.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Pennsylvania.

Mr. McDOWELL. I regret that I have not been here long enough to hear all

of the remarks of the distinguished gentleman from Missouri. But I am wondering if this thing that he is trying to do is not paralleling the Committee on Un-American Activities.

Mr. CANNON. I am sorry the gentleman came on the floor so recently, as I discussed at some length the gentleman's suggestion, and if he will consult the RECORD tomorrow he will find it.

I sincerely trust the leaders of the House will be able to give some consideration to the resolution here proposed, and if it does not meet with their approval, that they will propose some other method of attaining the same end. Regardless of the method used, we are all in accord on the necessity of maintaining the integrity and loyal efficiency of the departments of the Government, and especially the Department of State.

Mr. CANFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KILBURN].

Mr. KILBURN. Mr. Chairman, in my opinion, and in the opinion of many responsible people in this country, the European situation is fast approaching a climax. We all want to avoid war, and, on the other hand, no thinking person in this country wants Russia to get control of all Europe or Asia. Their present bloodless infiltration is rapidly extinguishing liberty and freedom over more and more of the world outside of this hemisphere. It must be stopped. The so-called Marshall plan is a method proposed to stop it and avoid a bloody war of total destruction. I am for the Marshall plan and will vote accordingly. I am in hopes that the two Houses of the Congress can produce a practical and workable bill which will do the job.

But, above all, the present situation calls for speed. I feel that the leadership in both Houses should for the moment set aside other things and complete this legislation at the very earliest possible moment. Certainly before the elections take place in Italy.

I fully realize the many differences of opinion on this matter, but I think we are all agreed that it is nonpartisan, as far as the political parties go, and I am sure that everyone is acting as an American and not as a Republican or Democrat on this question. That is as it should be. As I stated, I am for the Marshall plan, but whether you are for it or against it, let us bring it up and decide it now. I hope it goes through and will do the job.

Mr. CANFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. DIRKSEN], a member of the subcommittee.

Mr. DIRKSEN. Mr. Chairman, I had not intended to comment upon the observations of my esteemed friend the gentleman from Missouri [Mr. CANNON] but, having been part of that episode in congressional history to which he alluded this afternoon, I thought perhaps a word or two ought to be devoted to the matter.

COMMUNISM IN GOVERNMENT

There is a much simpler answer to communism in government than that which he proposes. His proposal as suggested this afternoon is the enactment

of a resolution under which the Appropriations Committee would operate to investigate these various cases and then certify them to the Congress with an attendant resolution, and then have them certified to the President of the United States for such action as the President might take. It would be a long and involved proceeding, as we have reason to know. There is a much simpler answer. The answer is simply this: A complete new administration of the executive branch in November of 1948. I say that in all kindness. But you see, after an administration has persisted for a long time, it is like a vessel in salt water, the barnacles get on the keel, and try as any individual will, it becomes impossible to take the barnacles away. So heroic measures and heroic effort are necessary.

I think I have come to that period now where I feel that the answer is not in more rhetoric and more resolutions. Obviously you cannot legislate the Ten Commandments and you cannot legislate loyalty and love of government. You cannot legislate patriotism. It is one of those things that must be in the heart. It is a matter of education. So notwithstanding all these investigations we have got nowhere.

If we followed out the suggestion of the gentleman from Missouri, it would probably follow pretty well the experience we had before, and you remember it so well. We had a subcommittee of the Appropriations Committee under the leadership of a very esteemed Member of this House, the gentleman from North Carolina [Mr. KERR]. They held long hearings. The present Secretary of Agriculture was then a Member of this House and was a member of that committee. I remember the day when those reports came before this body, and you remember so well the names of those distinguished gentlemen in the Federal Communications Commission whose records were carefully exposed. There was Dr. Watson, and there was Mr. Dodd, and then there was Mr. Lovett, of the Virgin Islands. Shortly after the report was filed, those gentlemen quit, but they stayed on the job for a month or more after the reports were filed and then went to the Court of Claims of the United States, as you remember, and sued for their salary. When that came about, of course, we had to hire counsel.

To me it is an amazing thing. It is one of those fantastic things in the life of government that the legislative branch should have to spend \$15,000 or \$20,000 of the people's money to protect the integrity of government against those who were suspect.

If you can think of anything more fantastic than that, I would like to hear it, because I would like to be refreshed on my American history. So the result was what? The court then found we did not have that authority and so our esteemed friend from Missouri now would vary it only in the sense that we would pass a resolution and send it to the President of the United States where it might very conceivably gather dust in a pigeonhole for a long time and no action taken thereon. The answer

is this: If a person is suspect, and cannot be proved a Communist and a card-carrying member of that party, in critical times if there is lacking even a semblance of the loyalty that is necessary to the integrity and the perpetuity of government, he should be removed from the rolls. Why, that to me is simple and elemental.

VALLEY FORGE

Would any man ever have said to George Washington in those dark days at Valley Forge that while he could not prove a man was loyal to the Tory or the British cause and did not actually have a Tory card in his pocket, that therefore he should be put on guard duty at night? The Father of our country never took that view. He said: "Put none but Americans on guard tonight." He was the man who had to determine whether sufficient loyalty existed under very trying circumstances.

POWERS OF THE EXECUTIVE

The President of the United States is the Chief Executive of the Nation. He has immense powers. It is up to him to stand up against every kind of pressure that is placed upon him, to remove people from the rolls whenever there is any doubt of their loyalty, and particularly in high policy-making places. That is the answer. So we could write enough laws on the books and pass enough resolutions to fill this Chamber. They would get us nowhere unless the right head and the right heart is behind them to see that it is expressed and articulated in terms of the interests and welfare of our country. So that is the answer. So I say that perhaps in November—I should not say perhaps—I should say certainly November of 1948 will be epochal because then there will be a new face at 1600 Pennsylvania Avenue. Then once more we can reach out with determination and vigor and diligence and bring back and retrieve, not for the Congress, not for the executive branch, but for the people of the country, a government that goes square down the pathway of freedom and democratic principle where there shall be none in high places to destroy and circumvent it. So I say to my good friend from Missouri that that of course is the answer, and that will be the answer.

LOYALTY IN THE POSTAL SERVICE

Now we have gone a long way from the appropriation bill. I might refer to the bill at this point in one particular. I have always been impressed that no breath of disloyalty has ever touched the Post Office Department. Is not that an interesting thing? Can you think of a rural mail carrier or city carrier in your area or district? Can you think of a stamp clerk or registry clerk in your post office at home? Can you think of anybody in the postal service, whether he rides the railway mail service or works in the domestic or foreign service, against whom a breath of suspicion and disloyalty has ever been raised? I have not heard of any such. I could think of no man in the service of the Post Office Department back home who would be in the slightest degree suspect of lack of devotion and patriotism. What is it?

They come from the frontiers of democracy. They come from places where patriotism is an inseparable product of the soil, as it were. They are patriotic; they are loyal, patient, deserving, wholehearted, diligent people who faithfully serve their Government, and never once have I heard that of the 490,000 people who work in the postal service that one of them has ever been suspect of disloyalty.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. JENNINGS. Is it not significant that these people who are suspect of disloyalty and against whom disloyalty acts have been proven, even to the extent of the returning of a criminal indictment, get into positions in the State Department where they can hurt the most?

Mr. DIRKSEN. I would say to the gentleman from Tennessee that the interesting thing is that the people whose names come to us as suspect are too often in the policy-making positions. Obviously they are directly under the President of the United States. So the responsibility is there. So, a new President, elected overwhelmingly by the suffrage of the people in the year of our Lord 1948 will be the answer to that.

THE POSTAL SERVICE—FIRST POSTMASTER GENERAL

Now I want to get back to this appropriation bill, because, after all, that is the business in hand. First, let me say a word about the Post Office Department. I was rather interested in the fact that even under the Articles of Confederation they had made provision for a Postal Service. Then, later, provision was made in the Constitution of the United States. First came Benjamin Franklin, who was the postmaster of Philadelphia, and then later became the National Postmaster, and then was succeeded by a gentleman by the name of Samuel Osgood, who became the first Postmaster General under the Constitution. We had 75 post offices in the country in 1789 when Samuel Osgood became the first Postmaster General. It is rather interesting. We had no stamps in those days. We had no Bureau of Engraving and Printing with thousands of people to dash off all kinds of stamps, ones, twos, threes, registries, air mails, commemorative stamps. Nothing like that. Only 75 post offices and a very simple business. Things were not sealed. I suppose the postmasters of the country at that time were the best informed people in the United States, and for a reason. If I lived in Philadelphia and sent my friend, Judge Jennings, a newspaper, if he lived in Jamestown instead of in the State of Tennessee, the postmaster would have a chance to read it before it got to the addressee. If Aunt Susie sent a post card to her uncle or her niece or her nephew in Princeton or New York or some other place, obviously the postmaster had a chance to see what was on the card. He was the best informed man in the community. He knew everything. That is how simple it was.

GROWTH OF THE SERVICE

But you know it has grown a great deal since the days of Samuel Osgood. Near-

ly 500,000 people in the postal service and instead of 75 post offices, we have 42,000. I had no opportunity to see what the appropriation was for the first Post Office Department, but I fancy it was not over \$10,000 or \$12,000, but in this bill we carry an appropriation for \$1,691,000,000. So has the country grown. Of course, when Samuel Osgood was the Postmaster General, we had three and one-half million people. I saw last night in one of the newspapers that the unofficial census figures were 145,400,000. But this, to me, is rather interesting, that the ratio of post offices in 1948 is not essentially different from what it was in 1789. We had one for every 40,000 people then. We have one post office for every 32,000 or 33,000 now. So that ratio of postal facilities to people has maintained itself pretty well.

TESTIMONY TO CHAIRMAN GORDON CANFIELD

There is something that I want to say about the Post Office Department, because sitting on this subcommittee like the other members, like our great chairman—and parenthetically let me say GORDON CANFIELD is a great chairman. I said to him on this floor that I thought he knew more about his bill than any other chairman of a subcommittee, not excluding myself. He has done a magnificent job. He is hard-working and diligent. So I take my hat off to him as a great chairman. He serves the Congress; serves the Appropriations Committee, and serves the people.

POST OFFICE DEPARTMENT A SERVICE ORGANIZATION

Our esteemed friend from New York [Mr. TABER] who presides with grace and vigor over this committee, can be proud of GORDON CANFIELD's care of that subcommittee. So I want to say this: We wrestle with the money that is involved here and then you come to the realization that the Post Office Department is a service organization.

Obviously, it is going to grow as the country grows, and it will be bigger than \$1,690,000,000. A few years from now it is very likely to be \$2,000,000,000, and I will tell you why. Around in your various congressional districts you have seen these satellite cities grow up. Veterans and others come, they see a lovely piece of terrain that probably would justify a thousand or fifteen hundred houses. That means a community of 5,000 people. They get the first few hundred houses built and the Congressman from that district gets a petition. They want service to the door, and why not? After all, they are citizens of this country and they are entitled to that kind of service; but, obviously, in a community of that size it would take six or seven carriers to take care of them. So you see as America grows this service must grow in every branch; and you will see the day when the appropriations for the Post Office Department are substantially larger than at present.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to my friend from California.

Mr. HINSHAW. The Members of the House note with keen regret that the very distinguished gentleman from Illinois is not to continue with us, but may

I ask the gentleman a question along the line he has been discussing?

Mr. DIRKSEN. With the greatest of pleasure.

Mr. HINSHAW. What are we going to do about States such as my own, where the population grows by immigration at the rate of some 20,000 persons per month and where the post offices built for 25 years to come are already only half big enough to take care of the business? Are we going to have a little bill that will enable us to build some new post offices where the postal clerks will not have to work in the basement and coal bins? Even out in California they build coal bins in the post offices even though we have no coal and do not use it. It is a very difficult condition we face.

Mr. DIRKSEN. When the fevers of inflation have dissipated somewhat and the expenditure of public funds out of the Treasury will not add too much to the inflationary disturbance, I fancy Congress will resume where it left off long ago in that program, which, of course, was retarded somewhat by the war. Additional facilities will have to be developed for the country, and so I am sure in all good and progressive time that will be done.

Mr. HINSHAW. Meantime, the shoe is very tight.

Mr. DIRKSEN. That, of course, gives point to the fact that forbearance is a great virtue for our country at a time like this. I think it was the Apostle Paul who said: "Let your forbearance be known in the sight of all men." These are, indeed, forbearing days.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the distinguished chairman of the committee.

Mr. CANFIELD. May I say also in reply to the interrogatory of the gentleman from California that we have tried in part at least to give priority to veterans' housing in these postwar days in the United States. Personally I think we should have spent a lot more than we have.

NEED FOR EFFICIENT RESEARCH

Mr. DIRKSEN. Let me make one further observation with respect to the possibility of increased appropriations as time goes on. What does the average large corporation do when its costs continue to go up? It looks for every possible way to save money, it looks for improved methods and improved procedures; and that will be the answer, of course, that we search for economies from time to time, improved procedures and greater efficiency. And that brings us to the conclusion that perhaps there can be greater mechanization of facilities in the Post Office Department, more high-speed tubes running larger distances; let us say in connection with the administrative work more of these so-called business machines of the type now being developed by the International Business Machines Corp. and others. I was glad to note that the Post Office Department was doing some research work in that field. I think it would pay the Congress handsomely if we lavished, if that is the proper word, a very substan-

tial sum, half a million, a million dollars, and say, "This is for research in your field offices, for administrative research on how to get more work done more cheaply or more work done without having to increase appropriations substantially."

MAIL VOLUME

Since 1940 the volume of mail in the Post Office Department has increased 30 percent. In 1940 they handled 28,000,000,000 pieces; in 1948 they handled 40,000,000,000 pieces, which is a 30-percent increase. But there has not been any 30-percent increase in the postal cost when one takes out of consideration, of course, the increased living cost for personnel for which Congress made provision and which runs into the hundreds of millions of dollars that are reflected in this bill. But there must be increased efficiency. Of course, that is to be found by study on the part of the Government, even as business enterprise makes research in order to find cheaper and more efficient ways of doing business.

NEED FOR ATTENTION TO AIR-MAIL PROBLEMS

Mr. Chairman, there is another thing I must allude to today and that is this question of air mail. I do so because there has come to my attention rather forcibly in recent weeks a proceeding that has been pending before the Civil Aeronautics Board not so long ago. I expect there must have been a dozen air lines involved. I cannot cite the names of all of those involved, but I do know that the Honorable Frank Delany, Solicitor for the Post Office Department, a very capable public servant, has filed an intervening petition and has sought to secure a reversal of the order or a reopening of the case in which the Civil Aeronautics Board made a decision not so long ago. The reason that the Post Office Department has intervened and has also gone to the Attorney General is that if the decision stands they allege that probably the Government will be definitely out of pocket. I shall insert the brief that was filed by the Solicitor for the Post Office Department in connection with my remarks:

[In the matter of the application of Page Airways, Inc., and other applicants for certificates and amendments of certificates of public convenience and necessity under section 401 of the Civil Aeronautics Act of 1938, as amended, and for approval under section 408 of said act, known as the Middle Atlantic Area case. Docket No. 674 et al.]

To the Civil Aeronautics Board:

PETITION FOR STAY

Jesse M. Donaldson, Postmaster General, by Frank J. Delany, Solicitor for the Post Office Department respectfully petitions the Civil Aeronautics Board (Board) for an order temporarily suspending the provisions of its order of February 19, 1948 (serial 1211), and the effectiveness of the amended certificates of public convenience and necessity issued concurrently therewith. In support thereof your petitioner respectfully states as follows:

I

On February 19, 1948, the Board issued an order finally determining the issues in the instant proceeding and in addition thereto determining certain issues, hearings on which were held in the New England case (Docket 399 et al.), the Southeastern States case (Docket 501 et al.), Great Lakes Area case

(Docket 535 et al.), Washington-Ottawa-Montreal Service case (Docket 609 et al.), and Boston-New York-Atlanta-New Orleans case (Docket 730 et al.). Except for the awards made in said order to Eastern Air Lines, Inc.; Transcontinental & Western Air, Inc.; United Air Lines, Inc.; Pennsylvania-Central Airlines Corp.; National Air Lines, Inc.; and American Airlines, Inc., and the authorization for the issuance, in the future on the happening of certain conditions, of certificates of public convenience and necessity to Robinson Aviation, Inc., and All American Aviation, Inc.; all other applications were denied.

Concurrently with its opinion and order in the instant proceeding, dated February 19, 1948 (serial 1211) the Board issued amended certificates of public convenience and necessity to Eastern Air Lines, Inc.; United Air Lines, Inc.; American Airlines, Inc.; Pennsylvania-Central Airlines Corp.; National Air Lines, Inc.; and Transcontinental & Western Air, Inc. The certificates authorize each of these carriers to immediately inaugurate the air transportation provided for therein. Several of said carriers have already inaugurated service under the amended certificates. Other contemplate doing so in the very near future.

II

The petitioner is informed and believes and accordingly alleges that one or more of the parties to this proceeding will, within the time permitted, seek rehearing, reargument, and reconsideration by the Board of the order entered herein, as is contemplated by the petitioner, and that in the event the Board's order is not modified as they desire will seek review of that order in the courts in the methods provided by law. It therefore appears that there is no legal finality to the order entered herein or to the certificates and amendments of certificates authorized thereby.

III

Exercise by the carriers whose routes were altered or to whom certificates have been unconditionally or conditionally authorized by the order in question will necessarily involve expenditure of substantial sums, the exact amount of which cannot be now stated. Should the Board's order be modified, either by it or as a result of court review, or be invalidated upon judicial review, these expenses in the form of developmental costs, capital expenditures, and as current expenses, will prove to be of little or no value to either the postal service or to the fostering of commerce and national defense. There is, however, substantial risk that nonetheless the carriers incurring such expenses would be reimbursed therefor in the form of mail pay.

IV

The Civil Aeronautics Act of 1938, as amended, provides that all orders of the Board shall take effect within such reasonable time as the Board may prescribe. Section 9 (d) of the Administrative Procedure Act (Public Law 404, 79th Cong., 2d sess.) provides that pending judicial review any agency is authorized to postpone the effective date of any action taken by it.

V

The length of time taken by the Board in arriving at the decision embodied in the order in question demonstrates that there is no emergency or pressing condition requiring it to incur the risk of the useless expenditure of postal funds.

VI

Since the order in question lacks legal finality, yet authorizes immediate and future expenditure of substantial sums which may be ultimately charged to your petitioner in the form of mail pay, without regard to the risk of said expenditure ultimately proving to be in whole or in part valueless, your petitioner prays:

"(1) For entry of an order suspending the effect of the order in question, and staying the effectiveness of the certificates and amendments thereto authorized thereby, until and to the extent that future events have removed the risk of improvident and valueless expenditure of postal funds.

"(2) That as and if events yet to occur indicate that said order will not be modified or invalidated, the Board proceed to relax the suspension of the order in question accordingly."

FRANK J. DELANY,

Solicitor for the Post Office Department.

District of Columbia, ss.

Before me, the undersigned authority, appeared Frank J. Delany who, being first duly sworn, deposes and says that he is the solicitor for the Post Office Department; that he is authorized to sign the foregoing petition on behalf of the Postmaster General; that he has read and is familiar with the contents thereof; that he intends and desires that in granting or denying the prayers of said petition, the Board shall place full and complete reliance upon the accuracy of each and all statements made therein; that he is familiar with the facts set forth in said petition and to the best of his information and belief every statement made therein is true and no statement is misleading.

FRANK J. DELANY,

Solicitor for the Post Office Department.

Sworn to and subscribed before me this 9th day of March 1948.

CHARLOTTE B. STILLWELL,
Notary Public.

My commission expires February 1, 1953.

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing petition upon counsel for all parties in the above-entitled proceeding.

FRANK J. DELANY,

Solicitor for the Post Office Department.

Insofar as I know the details of the case the decision that was made recently by the Civil Aeronautics Board will cost us \$675,000.

Mr. Chairman, that is not chicken feed. In these days of hundreds of millions and billions of dollars of expenditure I know that \$675,000 seems such a bagatelle of money, yet in proportion as we think of those bagatelles, perhaps we are assured of the fiscal integrity of our Government. So here is an intervening petition by a department of government against an award or an order that was issued by still another bureau of the Government. If there is that loss why, certainly, it comes out of the Public Treasury and at once the interest of the people is adversely affected. Perhaps the time is at hand for a complete reexamination of the Civil Aeronautics Act and for a modification of its provisions so that the Post Office Department will have a more effective opportunity to protect the postal revenues and the public treasury in every case where airmail certificates are awarded or modified because the Department has a definite interest and responsibility in this field.

STILL ANOTHER AIR-MAIL MATTER

Another matter has come to my attention recently that relates to a line which was certificated to South America by the President of the United States under section 801 of the Civil Aeronautics Act. The President has the power to do that. Evidently he thought there was an emergency and that perhaps the line ought to be certificated. My good

friend from Texas [Mr. POAGE], will know the line when I say it is Braniff Airlines. That organization received a certificate 2 years ago. It is not in operation yet on this route. There is not enough business on the west coast of South America, so far as passengers and mail are concerned, in my judgment, to justify it. The Civil Aeronautics Board said there was not. The President of the United States took it out of the Board's hands and ordered a certificate to be issued. He has that power, the President was well within his rights; but what is going to happen?

There are no requirements as to when Braniff must begin flight service. They have not begun yet. They are looking around for facilities down there. But when they do, they become eligible at once for 95 cents a mile mail pay, and while we are paying one line to build up at the rate of 95 cents a mile the competing lines that will be losing money will also have to be reimbursed out of the same Treasury for their losses.

Mr. Chairman, this is a very important business because you are dealing with millions of dollars of the people's money. Tom Braniff is a great airline operator. I have flown on his line on occasion. He is a good operator. I have flown the Pan-American Lines and the Panagra Lines in South America and they are also good operations.

Now, the fact is that there are only about 50 people each way today to South America—not much more. The mail load is very small. So, when we pay Braniff Airlines—if we do pay them—for flying a losing venture at the rate of 95 cents a mile, for every passenger you take away and every pound of mail you take away from an existing line that has been there for some time, why, Uncle Sam's Treasury gets caught both ways, and if this thing gets started it will probably cost about \$3,000,000 out of the Public Treasury for that one operation in the form of a loss on subsidy. You know, we ought to tie down that Civil Aeronautics Board a little more. They are doing business on a three-man basis down there at the present time. They have not found a chairman yet. But it does seem strange to me that the Post Office Department, through its Solicitor, must go in and file an intervening petition and have a reopening, and file a supplication with the Attorney General of the United States. You know there is something radically wrong with that. It would occur to me if I were running that show and the Postmaster General, through his Solicitor and the Attorney General, came and said, "Look, you better reopen this order." I would not even hesitate; I would not ask them to file an intervening petition. I would say, "It is open right now for any testimony that you would like to offer." I think that Government departments and bureaus are going to have to get along better and less formal than they do at the present time, because old John Q. Taxpayer is going to have to pay the bill. So I allude to that matter today because to me it is important. The whole schedule of air transportation has not yet bottomed up and the chances are it probably will not

be bottomed up for a matter of 5 to 10 years. But, in any event, by looking rather closely it seems to me that we can save some money for the people, and in proportion as we save it so, of course, we assure the perpetuity and the continuity of our Government.

To summarize, we are already paying mail subsidies on lines operating to South America, and if the certificate issued under the order of the President to a competing line is permitted to stand and operations get under way, it will mean a subsidy to the new line which cannot hope to pay its way and a greater subsidy to an existing line as it continues to lose passengers and mail revenues, and this subsidy must come from the Public Treasury. This is indeed worthy of the most careful exploration by the Congress.

Let me wind up with the Post Office Department by simply saying that it is a great, patriotic service institution. We can well afford to be a little liberal with them in providing research funds in order that they can find new ways of efficiency and that they might save money in the years that come along.

THE FIFTH COLUMN

Now, I recur once more to the remarks of my distinguished friend the gentleman from Missouri [Mr. CANNON] in dealing with this question of disloyalty. It comes to my mind now. You know, it is a singular thing that the first victim of, shall I say, fifth-column activities in the history of the world, so far as I know—and my recent researches into history have been all too brief—was Leonidas, the great Greek hero, who stood at the Pass of Thermopylae with 6,500 troops to stem the tide of Xerxes with 2,000,000 Medes and Persians. There they were at the Pass of Thermopylae and, in the language of the day, "taking on all comers," hurling back the shock troops and the assault troops and defending the culture of ancient Greece, of Athens, of Sparta, and of Thebes against the onrush of barbarians from ancient Persia under that great leader, Xerxes. Then something happened. An individual, whose name, I suppose, is unknown upon the scrolls of history, went to the intelligence corps of Xerxes and said, "I know a way around the pass." And it was that individual, remembered with dishonor in history, even though we do not know his name, who conducted a whole host around the bypass and cut-off at Thermopylae, and so Leonidas had to take his little force and go out on the plains, while the javelins were coming down in a heavy cloud, and there resist to the last man. There was the first fifth column in history to encompass the downfall of a great nation, whose culture, writ out in the days of Pericles, is referred to in the books of today as the golden age of Greece.

We are talking about a fifth column in our own country. Unless there is heroic and diligent effort, unless we come to grips roughly with the problem, how long before they may read in the history books of the fifth column that encompassed the downfall of freedom in our own country?

PRESENT WORLD TENSIONS

I survey this thing today and I do not mind saying to you that it alarms me. I have been asking individual Members on the floor in the brief time I have had here when I have been out of the clinic and the hospital whether they thought war was inevitable. I wish I had time to ask every Member very confidentially to say what he thinks. There is a ground swell of opinion in the country that war is inevitable. That is a hateful thought, terribly hateful, when the shadows of the last great conflict are hardly spent. It is pretty hard to get away from that feeling that it is inevitable.

THE LIGHTS OF FREEDOM ARE GOING OUT AGAIN

As I think of what is going on in the world today I think of a story written by H. G. Wells. He wrote a horror story, and to build up the horror he had a man placed in a haunted house with many rooms. In every room a candle was burning. For no reason at all, as this man occupied one room the candle suddenly blew out and left him in the darkness. With dread he retreated to the next room. There he gave himself over to contemplation for a while, and the candle suddenly blew out, and he did not know why; until at long last all the candles one by one were blown out. You can imagine the dread and the horror of spirit that came to him, that drove him almost to distraction, when the last candle went out.

LESS THAN A DECADE AGO

I say by way of digression on this appropriation bill this afternoon, the candles of liberty are going out one by one. The amazing thing is that we have had that experience twice within the last 9 years. In 1938 the candle went out in Austria, a great land of culture. A little later the candle went out in Germany, when the dictatorial decrees were issued by Hitler. A little later the candle went out in Bulgaria. A while later the candle was blown out in Poland, and then the candle of freedom was blown out in Denmark and in Norway. Then the candle of freedom was extinguished in France and in Holland and in Belgium. That is just 9 years ago.

FREEDOM IN RETREAT TODAY

Now in recent days the candles of freedom have been blown out one by one all over again, first in that little country of Rumania. I noticed in the paper the other day that Jules Maniu, sole defender of freedom, who was given a life sentence, died in the prison. Then the candle of freedom went out in Bulgaria. If you saw Life magazine a month or so ago, it showed Petkov's grave, the last defender of freedom in Bulgaria. Then the candle of freedom went out in Yugoslavia and Albania, and the candle of freedom went out in Hungary. A few weeks ago through the kindness of my distinguished friend from New Jersey, the former Prime Minister of Hungary came to my office in the evening. I refer to Ferenc Nagy, who is working on a dairy farm not very far from Washington now. We sat there and visited. I thought, "Yes, the

candle of freedom has blown out in your country."

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New Jersey.

Mr. CANFIELD. I saw the former premier the other day. Mr. Nagy was then holding in his hand a copy of that documented booklet on communism written by one EVERETT DIRKSEN, of Illinois. This was his comment to me, "I would like to see Congressman DIRKSEN administer the European recovery program, not only because he knows the true need of the people over there, but also because he knows the truth about communism."

Mr. DIRKSEN. Oh, I thank my friend for his generosity.

We had breakfast one morning here in the Speaker's dining room. The guest of honor was the former parliamentary leader of Poland, Stanislaw Mikolajczyk. They are really a very great people, but the candle of freedom has gone out in his country. The candle of liberty has blown out in Czechoslovakia. When will it go out in Italy? When will it go out in western Germany? When will it go out in France, in Holland, in Belgium, in Spain?

THE \$64 QUESTION

When will we come to grips some day with the \$64 question: How long before the candle of complete freedom is blown out in the last citadel of liberty—this blessed Republic of the United States of America?

Yes; what my friend the gentleman from Missouri says about the fifth column is true, but his method for getting results will be as abortive as the results that we have had before, because this branch of Government has not, in my considered opinion, had that degree of cooperation and assistance that it should have had from the executive branch of the Government.

APPROPRIATIONS FOR THE TREASURY DEPARTMENT

But so much for that, gentlemen. I must say a word about one other aspect of this appropriation bill. I am sorry that I have digressed somewhat, but this was on my soul and I had to say it. I must talk a little about the Treasury Department, for this bill deals with the Post Office Department and with the Treasury Department. Of course, the piece de resistance, as the Frenchmen would say, is the Bureau of Internal Revenue. I was rather interested in the fact that our friends on the minority, for whom I have an enduring affection, namely, J. VAUGHAN GARY, one of God's noblemen, and, likewise, HENRY JACKSON and JOE BATES, who serve on the committee, challenge the results of the investigation that has been made with respect to the Bureau of Internal Revenue.

It is probably the most important agency in government.

COMMISSIONER GEORGE SCHOENEMAN

Before I address myself to that Bureau briefly, and I shall be brief, I assure you, I want to say a word about the Commissioner of Internal Revenue. He only came into his office in June of last year. It is a huge operation, employing

56,000 people and dealing with billions upon billions of dollars. I think our good chairman so very rightly said, "He is a man of character; he is a man of substance, and a career man who has been with the Government a long time." We are confident that George Schoeneman is going to do a job and we expect him to do a job. The subcommittee has the highest regard for him. But when we find these things through our investigatory staff obviously we would be derelict in our public duty if we did not apprise the people of what is going on. I do not think there is any force in the argument that by exploring and bringing these things to the light of day that you thereby affect the efficacy and efficiency of the revenue operations of our Government. It has been said that by bringing these matters to light it might have a dilatorious effect in the collection of the revenue and particularly at a time when the Bureau is in the midst of first-quarter collection for the taxable year 1947. I believe it could be argued with even better effect that the alertness of Congress to the problems of the Bureau and its exploration of alleged inefficiencies in the Bureau would build up public confidence and be of invaluable assistance in the actual collection of the revenues.

The investigators who dealt with this matter are men of impeccable character skilled in the art of investigation and free from all bias and prejudice. It is fair to assume that they would be entirely fair in their investigations and seek to be objective in securing facts with which the committee can better discharge its functions as it estimates the appropriations needs of the Bureau.

Would it not be a dreadful thing if we had a fine investigating staff under a top-flight former FBI man who comes in and files a very careful report, and then to blink the fact and say, "Well, maybe so. Maybe what you have found is true, but now we are going to take this report and embalm it. We are going to put it under lock and key so no one can see it." Is that our responsibility to the people whose taxes we appropriate and spend? No. When this agency that has dealt fairly and impartially with every taxpayer in the country shows indications of inefficiency, then it is the bounden responsibility of the Congress to let the light of day shine in.

I suppose I had some share in cutting \$20,000,000 out of this appropriation last year for the Bureau of Internal Revenue. The President of the United States issued a statement from the White House and said this would cost the taxpayers \$400,000,000 in revenue, because he had been persuaded that there was substance to the formula that for every dollar spent on the Bureau of Internal Revenue it would produce \$20 in taxes. If that is the case I am willing to amend this bill and give them not \$186,000,000 but \$1,086,000,000, because then we will have so much money that if there is anybody in high authority who would like to start another war we would not have to tax the people at all. We would have plenty with which to do it. But the trouble is these formulas do not stand up. The

interesting thing was that while the President said the reduction made by the Congress would lose four hundred millions in revenue, his own Budget Bureau had sheared five million from the Bureau estimates in the first instance. If, therefore, the formula holds good then the President's Budget Bureau was deliberately throwing away a possible one hundred million in additional revenues.

It is equally interesting that when the budget estimates were submitted for fiscal year 1949 they were for exactly the same amount as the committee allowed for the current fiscal year. It must be evident then that the committee judgment was not very erroneous because the estimate before us had the approval of the Budget Bureau and the White House before it reached the committee.

The committee dealt rather generously with the Bureau of Internal Revenue this year and whatever reductions were made seem to be abundantly justified. We confidently believe that Commissioner Schoeneman will institute new and more efficient procedures and will be able to handle the work and eliminate duplications with the funds provided. Once more let me reaffirm the expressed confidence of the committee in Commissioner Schoeneman.

BLUEPRINT FOR REORGANIZATION OF THE BUREAU

On a number of occasions I have stated that since the Bureau is one of the most important agencies of government, careful thought should be given to its establishment as an independent agency of the Government completely divorced from the Treasury Department. It is not a policy-making agency. Its principal function is the administration of the revenue laws and the collection of taxes, and these functions should be safeguarded in every possible way and placed upon an independent basis.

In 1921 in connection with the creation of the Comptroller General, the Comptroller's office was made independent and so insulated as to produce maximum benefits.

CONGRESS PARTLY AT FAULT

It should not be forgotten that the Bureau of Internal Revenue is a creature of Congress and that if personnel is selected on a political basis the fault lies here and not in the Bureau. If the Commissioner and the various collectors are made subject to political confirmation there must be an inescapable tinge of politics in this operation and the blame for that must rest here and not elsewhere.

To meet this problem I have on occasion made a series of suggestions. Recently I presented them to the Committee on Organization of the Executive Branch which was created under the Brown-Lodge resolution and which is functioning under the very able leadership of President Hoover.

I had a note from Mr. Hoover a day or two ago in which he set forth his opinion that the suggestions were constructive and would be explored by his committee.

Those suggestions in brief are these. First, the Bureau should be made completely independent. Secondly, personnel from the Commissioner on down

should be selected on a merit basis and special classifications should be established so that the most competent available personnel might be obtained for the work of the Bureau.

When I say that I do not mean for a moment to reflect upon the competency of the men who are now engaged at high levels in the Bureau operations. Third, salaries commensurate with responsibilities should be paid and it would not be out of line to pay the Commissioner of Internal Revenue as much as \$25,000 a year for the responsibilities which he must shoulder. Many men in comparable positions in industry receive many times that amount. Government must offer something worthwhile to secure the best available talent. Fourth, the Bureau should be insulated against every manner of political pressure. Fifth, the work of the Bureau should be decentralized and all duplication eliminated. I had occasion to examine briefly the system in operation in Great Britain. There a high degree of decentralization obtains and it does expedite the work of collecting revenues and disposing of a backlog of cases and reducing litigation. Personnel should have authority for on-the-spot settlements in order to diminish as much as possible the accumulated work load. Sixth, I am of the opinion that the Bureau could develop greater efficiency and reduce administrative expenses by a wider use of mechanical equipment.

Such equipment is in use in many agencies of government and in private industry and a great amount of research should be done in this field in the hope that tabulating and card-punch machines for record work will enable the Bureau to save money. Seventh, it appears to me that it would be in the interest of efficiency if the Bureau conducted all its own legal work without having to refer cases to the Attorney General. It would appear as needless duplication for Bureau personnel to develop cases and then have them referred to the Attorney General's Office, where the same work and preparation must be done all over again before those cases can be presented in court.

The Attorney General's office is a busy office today, and it might serve a doubly useful purpose if the work load for the Attorney General were lightened somewhat and a separate litigation unit established within the Bureau itself.

Frankly it would be unfair to expect Commissioner Schoeneman to achieve the highest efficiency for his Bureau unless the Congress enables him to have it so set up as to be conducive to maximum efficiency.

Perhaps I should say at this point that the committee seriously considered the inclusion of language in the bill which would require by law that the Bureau allocate whatever funds might be necessary out of the amounts allowed for salaries with which to make salary adjustments and grade promotions for personnel in the field technical service.

This is the group through whose direct efforts greater revenue returns are derived. In general these are competent and capable people who have performed meritorious work. For the most

part they would like to remain in the Federal service as a career but it is obvious that there must be some inducement for them to do so.

I am advised that revenue agents in charge in the field have recommended grade promotions and salary adjustments to meet this problem but that the recommendations, for reasons unknown to me, have not been put into effect. I, for one, believe that the funds allowed would be ample for this purpose and that these recommendations should be initiated as quickly as possible. It is my hope that next year the subcommittee can summon some of the revenue agents in charge from the field to testify before the committee to secure a better idea of field operations and its needs.

Let me add one final word to this all too long presentation. It may be pointed out that no great economies were effected by the subcommittee. This very fact, I believe, will stand as testimony to the desire of the committee to see that the agencies of government are provided with sufficient funds to carry on their functions and that the economy ax is not indiscriminately wielded. Whenever estimates are justified to the satisfaction of the subcommittee, it is proper that the committee then make abundant provision for the functions involved. I appreciate the indulgence of the House and the generosity of my colleagues on the committee. I cannot speak too highly of their labors and of the felicitous spirit which has always prevailed on this subcommittee.

Mr. GARY. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, there is no one whose lovable personality has so endeared itself to the membership of this House as that of the gifted gentleman from Illinois. And his persuasive and beguiling voice charms any audience.

In Germany I was told that his broadcast, in which he spoke in German to all of central Europe, was the most notable broadcast of the year, and indicating the effectiveness of his message, the station received an exceptional amount of fan mail as result of the speech. They had letters from more than one in which it was said that the speech had saved them from self destruction; that the speech gave them courage, gave them heart, as listening to it they realized that with the friendship of America, there was still hope, still opportunity to redeem themselves and their country again.

It is a matter of deep personal gratification to me, as I am certain it is to all Members of the House, that his health has improved so consistently and so rapidly that there is now every reason to hope that he can continue his service in the next Congress. Certainly, there is no one man whose retirement from the House would be such a loss to the Congress and the country as the retirement of the gentleman from Illinois [Mr. DIRKSEN].

However, even the greatest and wisest of men sometimes fall into error. So, although contrary to his confident prediction I will have to remind you that beyond peradventure of a doubt, the benevolent administration of President

Truman and the accompanying and consequent prosperity of the Nation will continue on through 1952.

Mr. GARY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. WILSON].

Mr. WILSON of Texas. Mr. Chairman, it is difficult to follow such a speaker as the gentleman from Illinois [Mr. DIRKSEN], because I consider him one of the most persuasive speakers I have ever heard. He usually has his facts and he presents them like an artist.

I want to agree with the statements of the gentleman from Illinois [Mr. DIRKSEN] with regard to the Post Office Department and with reference to many economies and more efficient methods that possibly could be adopted in the Internal Revenue Department.

I also rise because the name of my city of Dallas was called by the chairman of the subcommittee with regard to an investigation by the committee investigators showing inefficiency to a certain degree and some other things that are set out in the report in 1946. Our internal revenue collector up until 1946 was Mr. W. A. Thomas. He was one of the most efficient, one of the finest, most capable and hardworking gentlemen that I have ever known in any collector's office. He was sick for several months and died early in 1946, and another man in the office was appointed as acting collector. Mr. Thomas' office was never accused by anybody of being inefficient. Thereafter Mr. John Dunlap, the present acting collector, a very fine man, who has been at the head of five different departments in that office, and who has been a career man with the Internal Revenue Department for some 15 or 16 years prior to the time of the war, was appointed. Mr. Dunlap was a commander on active duty in the South Pacific during World War II. At this time he has instituted many economies. He has brought that office closer to the taxpaying public and has instilled in the hearts and minds of the employees of that great office every confidence and also has won the confidence of the public. It is a great office. They have something like a thousand or more employees in that office.

I saw an article in one of the local papers in Dallas a day or two ago where in Texas there was collected in 1947 just under \$1,000,000,000 of Federal income taxes. That is a mammoth job. That is a mammoth job to be handled by anybody. So, I say, regardless of the fact that in December 1946, I believe it was, after the death of our internal revenue collector, Mr. Thomas, who had been the collector for 10 or 12 years, there may have been a season when some little efficiency or lack of proper system was used in the office, that confidence should not be lacking in that office. But I say that Mr. W. A. Thomas, than whom there was no finer man, and our present acting internal revenue collector, Mr. John Dunlap, have done an excellent job, and I do not think, if the investigators for this committee would return to that district, that they would find any unanswered mail for months, but that they

would find a smooth-running organization, presided over by a career man who has been the head of five different departments of that office, and who knows his job, and who has the disposition and inclination and the desire to get every bit of efficient work out of every employee and use as few employees as possible. No finer, more capable, efficient, and honest public servant can be found than Mr. Dunlap.

Mr. Chairman, I have voted for economy since I have been here. I have voted for cuts in the Budget. I ran on a platform of economy, and I believe in economy. I try to run my own personal business in an economic manner. But when I went home last summer to my office in the Federal Building, on the same floor with the internal revenue collector, I was told by various people in that office that they had to fire 50 field employees. I do not know whose fault it was, whether the revenue office took no cut in Washington and put it all out in the field or not, and maybe that was the trouble, but they told me that many dollars would be lost by reason of the fact that 50 field men in the Dallas area were required to be fired because of lack of funds. But, however that may be, I believe that the Revenue Department is one of the most, if not the most, important department in the Federal Government, because certainly no other department can exist without the Internal Revenue Department. And they must do a job honestly and efficiently, and they must have sufficient money to hire capable people to do the job. The thing that we are all looking and working forward to is perfection, of course, but I think the Internal Revenue Department has done a great job, and I think this committee has done a great job. Let us be sure to give the Revenue Department enough money to operate efficiently. It is false economy to do otherwise.

Mr. CANFIELD. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. ROBERTSON], a member of the subcommittee.

Mr. ROBERTSON. Mr. Chairman, it is a matter of great personal satisfaction that the Subcommittees on Appropriations on which I am privileged to serve have been able thus far to bring to the floor of Congress, unanimous reports. This has occurred on the Subcommittee on Independent Offices, and I am happy to say that we come before you today as the Subcommittee on Appropriations dealing with Treasury and Post Office Departments with a unanimous report.

I feel, Mr. Chairman, that this has been made possible in this instance by the exceptional leadership of our distinguished chairman, the Honorable GORDON CANFIELD. It is a pleasure to serve under him, and to serve with him one is soon convinced that he is master of the situation. He is a new chairman. This is another evidence of how men rapidly develop when responsibilities are thrust upon them.

I pay tribute today also to the accomplished clerk of the committee, Mr. Claude Hobbs. He, too, has a complete grasp of the problems before us. In addition to Mr. Hobbs, the distinguished chairman, Mr. CANFIELD, has his able as-

sistant, Mr. Murphy, who is likewise a student of the questions associated with the Treasury and Post Office Departments. He is of great help.

The very able gentlemen, Congressmen DIRKSEN and GRIFFITHS, are untiring in their efforts in behalf of this important work, and I salute also the members of the minority, Mr. GARY, Mr. BATES of Kentucky, and Mr. JACKSON. There seems to be an effort on their part to work in the national interest at all times, paying due respect to the chairman, and while presenting forthrightly their views, especially where they differ, they attempt to find a common working ground in order that we may come before you with a united report.

The distinguished chairman has covered the over-all picture in a most able manner. It will not be necessary for me to touch upon the full report. I shall confine myself to three special items which claim my particular interest—the Bureau of Federal Supply, Secret Service, and the star routes.

I should like to say to you, Mr. Chairman, that the total reduction this year on this bill amounts to \$35,903,850. This is divided as follows: From the Post Office Department we have made a reduction of \$19,375,250, from the Treasury, \$16,528,600.

The Subcommittees on Appropriations are frequently charged by other Members with not making adequate reductions in the appropriations. It is a difficult question indeed because by legislation passed by this House in years in the recent past, we have established certain additions which make appropriations in many respects of a permanent nature and cannot be cut. Only by discontinuation of certain Government services can the national budget be materially reduced in the future.

So I say, when considering Budget estimates for various governmental bureaus, appropriations subcommittees often encounter problems which are beyond their jurisdiction under the rules of the House. Subcommittees on appropriations cannot legislate departmental reorganizations, but they can make such recommendations in the accompanying report. It is my considered judgment, in connection with the Treasury Department appropriation bill now before us, two administrative changes which would be beneficial and possibly productive of economies are definitely apparent. One is the Bureau of Federal Supply. This is a sort of octopus in the so-called bureaucracy of our national government. It is the centralized purchasing bureau for most Government agencies.

Steps are already being taken, at the suggestion of the Executive branch, to transfer this entire agency from the Treasury to the Federal Works Agency. The Hoover Commission on Organization of the Executive Branch of the Government is surveying all the supply and procurement activities of the Government, and well they should. Such a study is long overdue.

I should like to dwell briefly on the Bureau of Federal Supply. It has mushroomed to its present great size without any clear-cut statutory directives. Much of its authority is derived from

these annual appropriation bills. Some departments, such as the Post Office, submitted evidence that their purchases were being made in the open market at a savings over the Bureau of Federal Supply prices. I refer you to pages 339 through 343 of the hearings on this bill, and in these pages you will find a report of the Bureau of the Budget showing the use or nonuse of this Bureau by Government corporations.

As I listened to the witnesses present their case for the Bureau of Federal Supply, I was inclined to feel that this is one of the affairs of the United States Government that has gotten clearly out of control of the Congress. Peculiarly, many American people for a long span of years have held to the principle that by concentrated buying, enormous savings could be made. A great many people hold to the belief that a concern that purchases a trainload of material purchases it at a vastly lower price than one who purchases a carload. And the principle carries on down the line as you approach the smaller proportions.

To one who has had a life-long experience in the capacity of purchasing, I have observed that in most instances there is not a great deal of difference in the price awarded to the smaller purchaser from that awarded to the large purchaser. After all is said and done, the manufacturer of a product must obtain from any purchaser a price which carries with it a reasonable profit, and if he is to make excessive reductions because of volume purchases, he will soon wipe out his profit.

I should not want to say to this Congress that we should abolish the Bureau of Federal Supply, but I do say it should be carefully studied, and I do say it is my considered judgment that in many instances the departments themselves could probably purchase more advantageously than they do through the Bureau. Whenever you engage in the purchasing business of supplies especially on a proportion basis, such as is used by the Bureau of Federal Supplies, you are involved with the question of inventories, and here it calls for the greatest skill in merchandising.

Merchandising is a business which succeeds by reason of a rapid turn-over. It matters little how great is the saving made in purchases if perchance the goods purchased remain in inventory as dead stock for a long span of time. This can happen readily in large proportions and can happen readily when purchasing goods for the various governmental departments.

The Bureau is subject only to the demand of the departments. They cannot force sales as would be the case with a large retailer. A large retailer, when he discovers inactivity in some section of his inventory, can pressure by advertising in a sales campaign and move out the slow goods. Slow-moving goods have various ways of absorbing all savings made at a low purchase price. Large inventories call for added cost in superintendency, rentals, depreciation, and warehousing. Even these few situations quickly destroy the value obtained by concentrated purchasing.

Although originally a purchasing agency, the Bureau of Federal Supplies has added many nonpurchasing functions in recent years. Some of these such as the centralized traffic-control plan may be economical. Some such as the Special Furnishings Section to design furniture for Government offices may not be economical. Some of its divisions, such as the Standards Branch, may duplicate the work of other Government agencies, such as the National Bureau of Standards. It must therefore be borne in mind in considering this Bureau that we are not dealing solely with a centralized purchasing agency for the Government.

I have indicated to you it is no small institution. Its original estimates as submitted to the committee called for expenditures of \$375,000,000, which is considerably more than is contained in this bill for all other Treasury expenditures combined. This original request included \$365,000,000 for strategic and critical materials for the military as part of the national defense and security program. Although consideration of this item has been deferred, as the chairman has indicated, it does give some idea of the scope of the Bureau. I should like to remind you that this Bureau does not serve the armed forces and some other agencies and corporations within the Government.

Another large request of the Bureau was for \$10,000,000 to increase the capital of the general supply fund. This in itself in my personal judgment opens the doorway for unending trouble. In private enterprise a man capable of managing a merchandising institution, operating in these proportions, would probably be paid a salary of from fifty to one hundred thousand dollars per year. And he would have to be one with a long-established record of merchandising achievements to even be considered by the board of directors for this important post.

Wisely, the committee disallowed this request, and we believe with great justification. The supply fund has operated successfully in the past on \$8,000,000 capital. The balance sheet of this fund for the years 1943 through 1947 appears on page 400 of the hearings. It does not indicate that the Bureau has been prejudiced in any way on its present capital. It does show, as do tables on page 374, that a shocking condition exists whereby other Government agencies have large past-due accounts with the Bureau. Almost \$1,000,000 had been due from other agencies for periods of more than 30 days on the last day of 1947.

So, in addition to a high-priced manager, it is very evident that they need a high-priced credit man. Some accounts are more than 75 days old. As a result, the credit position of the Bureau of Federal Supply is bad. It is inconceivable that this Bureau should come before the Congress and ask for a \$10,000,000 appropriation in the face of the fact that with a sizeable capital structure they are unable to so manage their affairs to keep their credit structure in good standing.

It was admitted by the officials of the Bureau, whose testimony can be found on page 405 of the hearings, that the credit standing of the Bureau is bad. It would seem to me that the Bureau

should insist on prompt payments. The Congress is making appropriations to the agencies to buy goods. They should not alone insist on prompt payment from their purchasers, but should attempt to work out with the General Accounting Office or other agencies a system of prepayment. Agencies know how much they have appropriated and will be able to spend. They would suffer no loss through prepayment, yet the Government might then be able to take advantage of cash discounts for prompt payment. The management admits that they are losing discounts because of their inability to pay bills on time.

This bill contains sufficient funds to continue the operation of the Bureau in all of its essential functions during 1949. By the time the estimates for fiscal 1950 are submitted, let us hope that this entire picture has been clarified.

The second change which would improve the efficiency of the Treasury does not require legislation and could be accomplished by an executive order of the Secretary. That would transfer the Treasury buildings guard force from Secret Service and place it under the Department's Director of Administrative Services. The guard force personnel are not Secret Service men, although the committee learned that they sometimes pose as such. They are building guards, performing a custodial function, and they should not even administratively be a part of one of the greatest police and detective forces in the world.

The subcommittee is very much impressed with the job which confronts the Secret Service, and the amount carried in this bill for the regular Secret Service work, which is \$2,169,600, is the full amount requested in the Budget. The work of the Secret Service in the prevention and detection of counterfeiting can no longer be confined to this country. Some of the most extensive counterfeiting of our money today is in Europe and in China, and the Secret Service must engage in world-wide endeavors to protect our currency. This is especially true today when the United States dollar is more in demand throughout the world than ever before, and furthermore when greater amounts of currency and securities are in circulation in this country than ever before. It is reasonable, I believe, that our currency demands the greatest possible protection.

Not only is counterfeiting a problem, but so is forgery of Government securities. In 1947 the Secret Service was called upon to investigate 34,600 claims against the Treasury involving checks, and 22,000 investigations involved stolen, altered, or forged bonds. Last year the Division of Disbursement sent out over 160,600,000 checks, and next year they estimate that this number will increase by 7,000,000. It is the job of the Secret Service to see that forgeries of these checks are kept to an absolute minimum, and preferably eliminated entirely. It is a tremendous task.

We must not overlook that the primary function of the Secret Service is the protection of the President, and in a troubled world such as that in which we are living, every single bit of possible protection must be afforded. It is in the

light of these situations that the request of the Secret Service and the White House Police seem fully justified and we recommend that they be granted.

My third and final point which I wish to discuss deals with the field service of the office of the Second Assistant Postmaster General. I am especially interested here in two things—star-route service and the highway postal service. You will observe that the committee has granted the full request for star-route service, just as it has done for rural delivery service. This allows \$25,500,000 for star routes in 1949—\$3,000,000 more than was available in 1948.

It is entirely probable that many people know very little about the star-route carriers. Yet they occupy an important job. They get the mail to the post offices where there is no other means of transport available. Without star routes, mail to many of our rural areas would be badly delayed and uncertain of delivery. Most towns not located on railroads and without benefit of airports probably would not have postal service if it were not for the star routes.

I welcome this opportunity to pay my respect to the star-route carriers for the great job they are doing under an ever-increasing burden of more and more mail—and remember, this job is done in all kinds of weather. I am especially pleased that the committee has placed in this bill the full amount requested for star routes as well as rural delivery service, and I trust that this will make it possible for the Department to make all the extensions of such routes as it has in mind and which may be necessary to properly serve the country.

Along these lines, the committee has allowed the full amount requested for the highway postal service. This in time is going to be of tremendous value to our rural areas.

I hope the Congress will sustain the subcommittee on this appropriation bill.

Mr. CANFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Chairman, may I briefly report that the Rules Committee will grant a hearing on House Joint Resolution 323 tomorrow morning, the 12th, at 10:30. This comes at an appropriate, although unfortunate, time, when the entire Midwest and Northeast is staggering under another snow storm, which has reached blizzard proportions in some areas. I hope all interested Members will attend the hearing in support of a rule.

Some question has arisen as to the wisdom of an embargo for 30 days. I think that period is the minimum if we are to be successful in obtaining the 559,000 barrels of heating and industrial oils other countries have said they did not need and we might have. But obtaining the oils is the sole object. If it can be done, as I think it could, given cooperation all around, in 24 or 48 hours, well and good. So I shall indicate an alternative somewhat along the following amendment:

Amendment to be offered by Mr. HESELTON. On page 2, line 5, after the word "made", insert the following: "Or until there shall have

been shipped a total of 559,000 barrels of kerosene, gas oil and distillate fuel oil, or residual fuel oil to east coast ports and to terminal areas in mid-western States; and, until the Department of Commerce shall have reduced the unexpended balances against which licenses to export have not been issued during the first quarter of 1948 by the total amount of \$559,000 barrels of kerosene, gas oil, and distillate fuel oil, or residual fuel oil."

Mr. Chairman, I have given this matter of a limitation amendment considerable thought in the last 10 days or so. There has been objection raised to it, as you all know to the effect that it was too inclusive. Others felt that possibly it should not be a part of an appropriation bill. I am inclined now to the view that the departments themselves should express themselves clearly as to their intentions, and then, if they make a satisfactory explanation that no such amendment is needed, I am ready to go along.

I am afraid that if we continue to offer the amendment and it is rejected the improper inference might be drawn that it was an open invitation to go ahead with any kind of conversion they chose. That certainly was not the thought of the Committee on Civil Functions or the intentions of the Committee on the State, Justice, and Commerce appropriation bill, as I understood it. I am equally confident it was not the thought of the Subcommittee on Labor and Federal Security earlier this week. I regret that I could not be here at that time because of an attack of influenza but I did place in the RECORD the history of the flagrantly unwise action at the Boston Marine Hospital with the admission of error and the assurance of no repetition. I know that the subcommittee with jurisdiction over that appropriation will handle most effectively any similar abuse of funds appropriated by this Congress.

I am also led to bring to the attention of the committee what I believe to be a very real misapprehension as to the facts. I find that as of this noon from Kansas east there is what is described as a blizzard and extremely cold weather. We do not realize the difficulty of the situation probably because Washington enjoys moderate temperatures and no snow. Up there in the northern part of the country there is definitely cold weather which is depleting the dangerously low stocks of fuel.

In the third place, there has been some suggestion made that spring is coming and that therefore we do not need to give any further attention to this problem. I do not agree with that and I cannot for this reason: A good portion of these oils are not used for the purpose of heating, but are used for the purpose of operating industries and we have to carry that fact also in mind in terms of any relief we are to get into these areas.

Be that as it may, I have prepared another form of amendment which I have submitted to this subcommittee and to some of my friends from oil-producing States. I find they prefer it over the one I originally submitted and which has been accepted by their subcommittees. I read it simply to have it in the RECORD so that if there is any misunderstanding

on the part of anybody as to what we are trying to do, our real purpose and clear intent will be perfectly obvious. And I want the Department to know what the purpose of the chairman of the committee is, if he cares to address himself to the problem.

I would amend this bill at page 40, line 7, by inserting a new section, 302, as follows:

That no part of the appropriations contained in this act shall be used for the purpose of converting any coal heating units to oil or natural gas in any federally owned or rented buildings in the States of—

Now, this is the limitation. I think it is, perhaps, a wise one:

Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma—

I want to speak of Oklahoma in that connection—

Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, and the District of Columbia.

Those are the States in which fuel coordinators have been appointed because of the very severe conditions which have existed in those States; and I like that language a lot better than the language that was used in the first appropriation bill which came before us covering States where there was a fuel emergency. No one can dispute the fact that the appointment of an oil coordinator indicates a definite emergency now and a probable emergency for several years to come. I should add that I am told that there is such a coordinator in Oklahoma. I did not know that before today. I would strike it out if my friends from Oklahoma wish me to do so.

Then I simply add also "or for the installation of oil heating units in any new construction in those States and the District of Columbia."

I called the Treasury and asked them what they intended to do, and I had a telephone message from a Mr. Johnson this morning, which he said he would confirm by letter. The message is as follows:

Treasury Department appropriation estimates for the fiscal year 1949 do not provide for the conversion of any coal heating units to oil or natural gas, or the installation of oil heating units in any new construction.

I now have a letter from Secretary Snyder which is as follows:

TREASURY DEPARTMENT,
Washington, March 11, 1948.
Hon. JOHN W. HESELTON,
House of Representatives,
Old House Office Building,
Washington, D. C.

MY DEAR MR. HESELTON: In reply to your telegram of March 10, 1948, I wish to advise that the Department's estimates of appropriation for the fiscal year 1949 do not provide for the conversion of any coal-heating units to oil or natural gas, or the installation of oil-heating units in any new construction, nor do we contemplate any such conversion during the remainder of the fiscal year 1948.

Sincerely yours,

JOHN W. SNYDER,
Secretary of the Treasury.

Now I would like to pause in order to inquire of the Chairman, if that is also the intention and purpose of the committee?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. CANFIELD. Mr. Chairman, I yield the gentleman two additional minutes. May I say to the gentleman from Massachusetts that I have followed his leadership in this fight. It has been a very timely one and a very effective one. Communities in my State are vitally interested in this problem also.

The gentleman from Massachusetts has discussed with me his proposed amendment and I have in turn sent the text down to the Treasury and Post Office Departments. I have in my hand a letter from the Under Secretary of the Treasury, Mr. Wiggins, in which he confirms the statement given the gentleman by Mr. Johnson, the budget officer of the Treasury. I have in my hand also a letter from Postmaster General Donaldson saying in effect the same thing about the Post Office Department.

We of the subcommittee believe that these officers of the Treasury and Post Office Department mean just what they say and speaking for the record today we intend to see that they keep their word.

Mr. HESELTON. I greatly appreciate the kind comment of the gentleman and I want him to know that his advice has been the determining factor in my present approach to this problem. I also have a letter, which I will not take the trouble to read, from Mr. Walter Myers, Fourth Assistant Postmaster General. It goes into some detail in regard to certain conversions which are being undertaken because of an ample supply of natural gas. He says in one sentence:

In every case where exception is made, approval of the Bureau of Mines of the Department of the Interior is obtained.

With that in mind and with the chairman's very thoughtful expression of the intention of the committee, I think it would be appropriate if I did not offer this amendment because the committee's intention and purpose are clear in the record. I am confident that the Post Office Department and the Treasury Department will honor the committee's request and will carry out the commitments contained in these letters. We shall not know how much heating oil will be saved in this way in fiscal 1949 for private use but it certainly will be substantial. Both Departments are to be commended for this action. I am most grateful to the committee and to the chairman for their cooperation. It will be understood and appreciated by all in those States who are struggling to conserve oil and to solve this problem. Certainly, if we fail and if there is further hardship, I shall be happy to testify that no shred of responsibility can be fairly placed on the shoulders of the gentleman from New Jersey [Mr. CANFIELD], the gentleman from New York [Mr. TABER], or the gentleman from Massachusetts [Mr. WIGGLESWORTH] or any member of their subcommittees. In all fairness, I should and would make

the same statement about the gentleman from Wisconsin [Mr. KEEFE] and the members of his subcommittee. He has been cooperative in the extreme and I know expected me to present any revised statement Monday. He did not know that I was ill and could not be expected to do anything except guide the committee bill through which he did with characteristic ability. I am sure that he will ask the Department of Labor and the Federal Security Agency to take judicial notice of this development today and to be guided accordingly in their use of the funds appropriated.

The full letter from the Fourth Assistant Postmaster General is as follows:

POST OFFICE DEPARTMENT,
FOURTH ASSISTANT
POSTMASTER GENERAL,
Washington, D. C., March 11, 1948.

Hon. JOHN W. HESELTON,
House of Representatives.

DEAR MR. HESELTON: The Postmaster General has asked me to acknowledge your telegram of yesterday afternoon requesting certain information relative to conversions of heating units, if any, from coal to oil or gas during the fiscal year 1948 and our plans for the fiscal year 1949; also as to new installations.

With respect to quarters leased for post office purposes, no conversions were made from coal to oil or gas in the fiscal year 1948, nor is it contemplated that any such conversions will be made during the fiscal year 1949. No new installations of this character were made by the Department in 1948, nor are any planned for 1949. Heating equipment in all leased post office buildings is furnished by the owner of the quarters. Wherever new heating equipment is to be installed in leased quarters the Department is insisting that it be of a type to burn a fuel other than natural gas or oil. Exceptions are made only where these fuels are in abundant supply or where the owners of the buildings will not agree in providing coal-burning equipment. In every case where exception is made, approval of the Bureau of Mines of the Department of the Interior is obtained.

With regard to conversions in Government-owned post office buildings, the Public Buildings Administration, Federal Works Agency, during the fiscal year 1948 has made the following conversions:

Red Bluff, Calif., from coal to oil.

The heating plants in the following buildings were converted from coal to gas: Biloxi, Miss.; Winfield, Kans.; Henryetta, Okla.; Clarksville, Ark.; Glendive, Mont.; Bozeman, Mont.; Hastings, Nebr.; Nocona, Tex.; Kennedy, Tex.; Council Grove, Kans.; Columbus, Ga.; Chickasha, Okla.; Mansfield, La.; Lawton, Okla.; Many, La.; Weatherford, Tex.; Fordyce, Ark. (pending).

All of the foregoing conversion jobs were planned or in process prior to the receipt of any information to the effect that there would be a shortage of fuel oil or gas.

With a view to effecting certain economies in the operating cost of Government-owned post office buildings, a program has been prepared for certain conversions during the fiscal year 1949. However, in view of present conditions, no action will be taken by us to request Public Buildings Administration to make conversions from coal to oil or gas during the fiscal year 1949.

Any new installations would be under the jurisdiction of Public Buildings Administration, Federal Works Agency.

Respectfully yours,

WALTER MYERS,
Fourth Assistant Postmaster General.

Mr. CANFIELD. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I wish to submit for the Record at this time letters from Mr. Wiggins of the Treasury Department and Mr. Donaldson of the Post Office Department, as follows:

TREASURY DEPARTMENT,
Washington, March 4, 1948.

Hon. GORDON CANFIELD,
Chairman, Subcommittee on Treasury-
Post Office Appropriations,
House of Representatives,
Old House Office Building,
Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of March 3, 1948, relative to the inclusion of a provision in the Treasury-Post Office appropriation bill for 1949 which will prohibit the expenditure of such funds for the conversion of any coal-heating units to oil or natural gas in any federally owned or rented buildings in or outside the District of Columbia.

Pursuant to your request I wish to advise that the Department's estimates of appropriation for the fiscal year 1949 do not provide for the conversion of any coal-heating units to oil or natural gas, or the installation of oil-heating units in any new construction. Therefore, the inclusion of the provision mentioned in your letter in the Treasury-Post Office appropriation bill for 1949 would have no effect on the budgetary and operational plans of any bureau, office, or division of the Treasury Department in the fiscal year 1949.

Very truly yours,

A. L. M. WIGGINS,
Acting Secretary of the Treasury.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., March 4, 1948.

Hon. GORDON CANFIELD,
House of Representatives.

DEAR CONGRESSMAN: I have your letter of March 3, 1948, requesting information as to the effect on the budgetary and operational plans of the Post Office Department, departmental and field, for the fiscal year 1949, of an appropriation provision which Representative JOHN W. HESELTON, of Massachusetts, desires to have incorporated in the Treasury-Post Office appropriation bill for 1949.

This provision reads:

"No part of the appropriations contained in this act shall be used for the purpose of converting any coal-heating units to oil or natural gas in any federally owned or rented buildings in or outside the District of Columbia, or for the installation of oil heating in any new construction."

A careful examination of our coal, oil, and natural gas heating units gives me no reason to believe that the proposed provision would have any material effect on the budgetary and operational plans of the Post Office Department.

The Fourth Assistant Postmaster General has kept in close touch with the fuel conditions in the various parts of the country. It being learned from responsible Government officers that there was no oil shortage west of the Rockies, it was not necessary to make any changes in heating plans in that section. Neither are any conversions to oil or gas being contemplated there.

In Baltimore, oil heat is used in one of our larger units and consideration was given to converting it to coal heat; but it was found that conversion, because of structural difficulties, was practically impossible.

During the late war, two Federal buildings in Florida were converted from oil to coal with a view to the conservation of oil and, having no information that there would be a shortage of oil during the current or

succeeding heating seasons, early in the fiscal year 1947 these two properties were converted to oil by the Public Buildings Administration at our request.

The conversion and installation in federally owned buildings of heating apparatus is not within the control of the Post Office Department, but is within the jurisdiction of the Public Buildings Administration and paid from appropriations administered by that agency.

Whenever property is leased for post office use, coal heat is furnished in all cases except where exceptional circumstances make the provision of this type of heat impractical.

Sincerely yours,

J. M. DONALDSON,
Postmaster General.

Mr. CANFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, I regret that only a few minutes times is being allocated for me to discuss a few of the numerous items I would like to bring to your attention in regard to the legislation we are considering today. I am glad to know, however, that the Appropriations Committee has taken cognizance of some of the observations made by the Committee on Post Office and Civil Service of the House in House Report No. 1242, a preliminary report on a study of the postal service. Among other things your committee has allocated \$100,000 for a research and development program along the lines suggested by our committee and I want to commend the committee for taking this action.

Mr. Chairman, I call attention to a few items that ordinarily Members of the House pay very little attention to. For example, in 1947, the expenditure for insured mail was \$17,200,000. The actual amount paid out in indemnities was a little over \$2,000,000. In other words, we pay \$5.50 for each dollar paid in claims.

There are a number of other items to which I would like to direct attention. For instance, we find the Post Office Department is being called upon to furnish approximately \$15,000,000 annually in the form of a subsidy to the air lines for carrying air mail. Now, I have no objection to subsidizing air lines as such for national security and for the promotion of air transportation, but I do think it ought to be separated from the regular cost of carrying the mail. We should not permit the CAB to allocate whatever funds it thinks ought to be spent to subsidize the air lines, then charge it to the Post Office Department.

Among other things I call your attention to the fact that since 1891 Congress has provided an appropriation for a Fourth Assistant Postmaster General. You know, there is no substantive law at all for a Fourth Assistant Postmaster General. But you put it in the appropriation bills and you provide for a Fourth Assistant Postmaster General. If any Member saw fit to do so, he could raise a point of order, and I believe the Chair would have to sustain him regarding that particular section of the bill. I think it is wise, at least, to call your attention to these things as we go along.

I concur with the Committee on Appropriations regarding what has been said in its report about motor equipment. A management engineering firm is presently making a detailed study and will provide our committee with information with regard to this problem. But here is the Post Office Department going out and buying motor vehicles, or proposing to buy motor vehicles according to certain specifications. They are going to cost, I do not know how much, but an average of possibly \$500 more for each vehicle. I understand the Department is having difficulty in getting manufacturers to bid on these nonstandard vehicles. Why not buy the regular motor vehicles that are used commercially? To use commercial vehicles will cost less, and at the same time improve the service.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. REES. I shall be glad to yield to the distinguished chairman of the Committee on Appropriations, who has given this matter a lot of consideration and study.

Mr. TABER. The Committee on the Post Office about 3 years ago, I think it was, brought in a bill to control penalty mail. That has not been working well. It has probably resulted in 15 to 20 to maybe 30 million dollars being appropriated and turned over to the Post Office Department out of various funds, and it is also costing a tremendous amount for bookkeeping and clerical work. Further, it is not controlling the use of penalty mail at all. I believe that it would be very helpful toward sound administration if some way could be found whereby we could really control penalty mail, and I hope the gentleman's committee will go into that matter.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. CANFIELD. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. REES. I appreciate the gentleman calling attention to this matter, because our committee does have that matter of penalty mail under consideration and study at the present time. In line with what the gentleman said, this Congress is now appropriating more money than it has in the past to take care of penalty mail. It is growing instead of going down. It should be controlled and reduced.

I would like to discuss just briefly this question of subsidizing the air mail. I mentioned this matter a while ago, and I think some further facts and figures should be brought to your attention. Ordinarily we are supposed to subsidize air lines on a basis, say, from 50 to 70 cents per ton-mile, but in order to keep certain air lines going we have gone clear out of reason. For example, one air line carrying mail to Puerto Rico during one year received \$750,000 for carrying 3,700 pounds of mail. Now, these same messages could surely be sent by telegraph or some other way at far less expense if they needed to go quicker than by regular mail.

I say there is need for better controls over subsidy payments to air lines for

carrying air mail. For example, a domestic air line received \$350,000, 1946, for carrying 650,000 pounds of air mail. In 9 months of 1947 the same air line received \$200,000 for carrying 200,000 pounds less air mail. Of course it seems incredible. It would not happen if the Congress were called upon to appropriate funds directly. In view of the fact that the deficits in the postal services are charged to the Federal Treasury, it is fair we should know more about the amount of these subsidies.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from New York.

Mr. BUCK. Is the committee considering the possibility of metering penalty mail?

Mr. REES. That matter is under consideration. I appreciate the gentleman's calling attention to that important problem.

This appropriation bill carries an item for building maintenance, under the jurisdiction of the Fourth Assistant Postmaster General, amounting to \$44,600,000 for the operating force alone. Prior to 1933 the expenditures for the operation of post-office buildings in the field were provided under the Treasury appropriation. At that time there were less than 8,000 regular employees while today there are 20,000. Many of the buildings for which this maintenance is provided are almost entirely occupied by other Government agencies. For example, the main post office in Los Angeles is maintained by employees of the postal service but only 7 percent of the total floor space is allocated to postal functions.

The repair of mail bags is also a problem of the Fourth Assistant Postmaster General. As indicated by the report on the measure, mail bags are in very critical supply. A subcommittee of the Post Office and Civil Service Committee has observed in at least one post office a mountain of mail bags awaiting repair. We believe that the mail-bag repair operation should be decentralized and the legislation referred to by the report will probably come before this House for approval in that form.

We hope to bring about the use of up-to-date management statistics in the postal service so it can be determined where the most efficient and least effective operations exist. At the request of our committee, the Postmaster General is developing certain data of this type on a one-time basis. One post office maintains such management data. This post office immediately was able to reduce its number of employees by more than 1,000. The installation of such a system in the postal service will, I am sure, be of material assistance to the Appropriations Committee as well as to the legislative committee dealing with postal matters.

In closing, I would like to express this thought that we hope with the combined efforts of the Appropriations Committee and the Post Office and Civil Service Committee in the coming year we will see substantial changes in the operations of the postal service in the interest of economy. We have been assured, we

will receive the cooperation of the new Postmaster General in this respect.

Mr. CANFIELD. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Chairman, I ask unanimous consent to proceed out of order and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BREHM. Mr. Chairman, it is not my intention to encourage any enlisted man in the Army to break the 96th or any other article of War. However, I have just received word that a constituent of mine, a young private in the Army, was convicted by a special court martial on November 26, 1947, for being drunk and disorderly in a public place in Vienna, Austria.

The sentence imposed upon this private was confinement for 6 months and forfeiture of \$40 of his pay each month for a like period. And, Mr. Chairman, that is not all. This soldier when his time expires on March 30 of this year must under article 107 make up the time he has spent awaiting trial and in confinement before he can be discharged. This means that he will have to serve from 4 to 5 months more in his present enlistment after the end of March before he can be considered for discharge.

Mr. Chairman, a sentence of this nature in time of peace to my way of thinking is certainly out of all proportion to the nature of the offense. If this is the reward which enlisted privates are to receive for slight infraction of Army regulations in time of peace, it may account in part as to why enlistments have fallen off and special inducements must be offered, even the threat of another draft, in order to keep our armed services up to full strength.

It seems to me that if the Armed Services Committee of this House really wants to do something for the enlisted men they will take some action which will limit special court martials in fixing sentences for such a slight infraction.

Mr. Chairman, please do not misunderstand me, I am not condoning drunkenness or disorderly conduct but it seems rather silly for the armed services to apparently ignore this type of procedure which is seen in the city of Washington and then to pick up some poor little private in a foreign country and throw him in the jug for 6 months and fine him \$240 for the same offense.

Perhaps this is one way the Army has of getting their privates "fighting mad." It certainly irks me, as I feel quite certain this lone private could not add much to the confusion already existing in Europe.

Mr. CANFIELD. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. NIXON].

Mr. NIXON. Mr. Chairman, this morning's newspapers carried a statement attributed to Secretary of Commerce Harriman in which he criticized a subcommittee of the Committee on Un-American Activities of which I am chairman, and called the action of that subcommittee "un-American."

I am not going to take the time of the House during this debate to answer the charge Mr. Harriman has made. I draw the attention of the House only to the fact that Mr. Harriman has resorted simply to the time-worn device of name-calling rather than to questioning the facts that were reported by the subcommittee. In order that the Members of the House may be fully apprised of the facts in this phase of the Condon case I ask unanimous consent to revise and extend my remarks in the RECORD.

Mr. CANFIELD. Mr. Chairman, I yield such time as he may desire to the chairman of the Committee on Appropriations, the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, a well-oiled administration propaganda machine is singling out the Appropriations Committee and its individual members for abuse and ridicule, and the Bureau of Internal Revenue is one of the worst offenders in this respect.

Last year, when the House Appropriations Committee cut off \$20,000,000 from the appropriation for the Bureau of Internal Revenue, the Government publicity boys, under orders from the administration's high command, oiled up their typewriters, inked up their mimeograph machines and went to work.

I would like to take a few minutes to jog up the memory of some of my colleagues. I really wish I could take the time to read to you two or three score newspaper stories which appeared around the country last April, May, and June. These reported official administration statements to the effect that "a penny-pinching Congress was undermining good government"; that "hard-working Federal career employees would lose their jobs by the tens of thousands"; that the Congress, through Appropriations Committee "hatchet men" and "ax wielders," was doing a great disservice to the American taxpayer. The Nation was flooded from one end to the other by planted and prefabricated blasts against Congress from the White House right down the line.

In signing the bill which carried the cut in funds, President Harry Truman did his part in adding to the confusion by issuing a statement criticizing the gross inadequacy of the funds allotted and solemnly predicted that the Federal tax-collecting machinery would be damaged for years to come.

The President also informed newsmen that as a result of the reduction in funds, the United States Treasury would lose at least \$400,000,000 in taxes this fiscal year. Other administration spokesmen called the House committee's action shortsighted and irresponsible. The Bureau of Internal Revenue emphatically and repeatedly stated that it could not absorb the cuts without great hardship and without irrevocable loss to its prestige and efficiency.

In a final conniving and dishonest appeal to the public, the Bureau announced that the reduction would have to be applied by discharging between 4,000 and 5,000 employees from the enforcement arm of its organization—thus, they lamented, opening the way for widespread illicit liquor traffic and tax evasion by

black marketeers. I say this was deliberately conniving and dishonest because the House of Representatives' report accompanying this particular appropriation bill, specifically recommended that no decrease in funds be made in the Bureau's enforcement operation. And this same recommendation was made by the Senate, but the Bureau chose to ignore it.

Well, some months have passed and the House Appropriations Committee has had investigators checking the activities of the Bureau of Internal Revenue both in Washington and in the field. For your information, here is a sample of what they have discovered:

The Bureau made good its publicized threat to ignore and embarrass the Congress and to discharge employees in the enforcement arm of the service. But here also are some significant facts from the Bureau's files which were not publicized; indeed, they have been assiduously kept from the public:

No departmental employee of the alcohol tax unit had been dismissed because of last year's appropriation cut; however, in the field offices, 645 employees were fired. And in this connection the Bureau never made public the past year's reports from its own district offices, pointing out that "illicit distilling is at its lowest ebb since the repeal of the National Prohibition Act" or that "the duties performed by the investigating force in connection with the black market in whisky, floor stock taxes and tied-in sales have practically come to a close" or that "the number of investigators in charge could be reduced to not more than three for the six New England States, with an accompanying reduction in the clerical staff," or that "under present conditions there are too many investigators assigned to the State of Massachusetts" or that "untaxed spirits have been reduced to a mere trickle in Michigan" or that field offices have complained to the Bureau that their main problem was to find work to keep their staff employees busy.

Those are samples from official reports in the Bureau's files which indicate that virtually every district in the country advised headquarters of a diminishing work load and the need for retrenchment in personnel.

Similarly a survey of Internal Revenue's Employment Tax Unit reveals considerable overstaffing because of the diminishing work load. Another check into the Rules and Regulations Division shows overstaffing, estimated at between 25 and 40 percent, but no reduction has been made here, the official reason being that an increase in work is anticipated. A little further investigation showed that this unfulfilled anticipation has existed for over 12 months, and a division supervisor admitted that the work in this particular office has been on the decline for the past 3 years, and that the employees could not be kept busy for more than 4 hours daily.

Another example of overstaffing is to be found in the Office of the Chief Counsel. With the exception of the past year, the number of cases handled by this office has decreased—to be specific, the case load has decreased 36.8 percent compared with 1940 but in the same period the personnel increased 46 percent.

This is hardly surprising when one delves into the red tape involved in such a simple matter as answering a letter to the Chief Counsel's Office. It has been revealed that approximately 50 days elapse between the time a letter is typed and is mailed. During this period it is conferred upon, discussed, read and re-read, referred back and forth from one attorney to another, checked by experts for spelling, punctuation, and content. It is nice work if you can get it but to the tune of over \$4,000,000 annually in lawyers' salaries it is rough on the taxpayers.

As a direct result of last year's appropriation cut, the Bureau instituted a work simplification program last July. Now the director of this program informs us that he estimates a minimum saving of 10 percent in the operating costs of the Bureau and a maximum over-all saving of 25 percent. Let us be generous, and for comparison purposes, let us use the Bureau's own 10 percent minimum economy figure, which totals \$18,800,000. This figure alone almost offsets last year's cut. Thus, ignoring for the moment all other glaring inefficiency and waste, it would seem that in less than 6 months, through a work simplification project, the Bureau gives the lie to its own hysterical propaganda.

For anyone who will take the time to read the hearings, there are ample instances of mismanagement in the affairs of the Bureau of Internal Revenue—and let me add here that the Bureau of Internal Revenue is but one of a dozen mismanaged and inefficient Government units. But the more glaring examples reveal that over the past 2 years, reports from the Bureau's own supervisors of accounts and collections show that 714 employees were reported to be unsatisfactory or below average in the performance of their official duties. A spot check made last September 20, indicated that 46 percent of the below-average employees had been retained in service.

In the New Orleans office of the Bureau an examination of the records pertaining to correspondence courses revealed that 137 employees were enrolled and that 89 or 65 percent were found delinquent.

Again in the New Orleans office, during an investigation, the collector attributed the large backlog of work in the Audit Section of the Income Tax Division to untrained and inefficient personnel. A further check revealed that supervisory employees were disturbed over the large amount of annual and sick leave allowed during the period of a year and blamed this fact for the muddled condition of the office records.

Field-office supervisors have complained of the many deadheads carried on the Bureau's pay roll and claimed that their loafing has an adverse effect on the work and morale of other employees.

With regard to the expenditure of funds by the Income Tax Unit of the Bureau of Internal Revenue, it was found that \$82,590.42 was paid out for commercial tax service publications in the fiscal year 1947. In other words, the

Tax Unit buys commercial-tax services which are compiled from the Bureau's own tax rules, regulations, and releases. If the commercial services are superior to the Bureau's, why not do away with the official tax manuals which are expensive to produce, and save the thousands of dollars they cost? The investigation of the Income Tax Unit also revealed many procedures which have become outmoded and obsolete, much unnecessary work, and duplication of effort.

A check on the functions of a fancy sounding office—the Chief Coordinator of Treasury Enforcement Agencies—failed to produce anything of value. Officials within the Bureau of Internal Revenue commented on this unit as an "unnecessary expense." It apparently is ignored more often than recognized.

The Bureau has continued to recruit and hire new personnel simultaneously with its public wall that it has been forced to fire career employees. The Office of the Chief Counsel has increased its staff 46 percent since 1940, while the work load has decreased 34.6 percent. The approximate cost of books and tax services purchased for the Chief Counsel's office in fiscal 1941 was \$16,730. By 1947 this amount was increased by 240 percent.

We found 18 messengers employed by the Chief Counsel to service 27 employees.

Unit after unit, section after section, division after division, shows flagrant irresponsibility and dereliction of duty on the part of the supervisory personnel. Some field offices claim they managed to get about 4 hours of work per day from employees. The Washington office is lucky if it gets 6 hours per day on an average. There is flagrant abuse of sick leave throughout the Federal service. When confronted with the records, Bureau of Internal Revenue officials shake their heads, admit the abuse, and do nothing about it.

During our investigation of the Administrative Division, it was discovered that costly paper stocks, long since forgotten, were stored away in a leased building, and were coated with filth to a degree which rendered them useless. Evidences of vermin were found throughout the storerooms. The paper stock consisted largely of surplus undistributed tax forms dating back to 1921. A tabulation of forms for 1 year only—that of 1946—revealed a surplus of 81,962,000 forms. No estimate could be made of the hundreds of millions of forms from prior years which were dumped into the rented warehouse.

This expedition brought forth some more interesting facts. In 1946 there were 46,546,696 taxpayers. The Bureau of Internal Revenue had 500,000,000 forms printed to supply this number of taxpayers plus 115,000,000 instruction sheets. Obviously some surplus must be printed to provide the taxpayers with extra copies and duplicates—but there is no possible excuse for a 10 to 1 margin.

And do not overlook this fact: This appalling waste of paper continued through the period when publishers of newspapers, magazines, and books were scraping the bottom of the barrel—so to

speak—trying to scare up enough paper to keep in business.

One does not have to be clairvoyant to observe that the bureaucrats will try last year's maneuver with some of their pet scribes. This week several Washington columnists fell hook, line, and sinker for the old cliches, "disastrous staff reductions," "cut will cost Treasury half a billion," and so forth. The boys were writing fiction. I think the public wants some facts.

This administration is so beholden to its 2,000,000-Federal-worker bureaucracy that it does not dare clean house. It does not dare fire even the known loafers and chislers. Consequently, it cannot hope to bring about any efficiency or clarity out of the chaos which permeates the entire Federal organization.

Over and above the 2,000,000 Federal workers are 140,000,000 citizens, every one of whom contributes, directly or indirectly, to the support of the Government. Under our system of government the Congress of the United States represents this total citizenry. It might be timely to remind the boys downtown that it is the Congress which gets elected to office, not the bureaucrats and their stooges. I am willing to stand on our record of exposing, in the public interest, flagrant waste of equipment, public money, and manpower, and inefficiency and irresponsibility.

The CHAIRMAN. If there are no further requests for time, the Clerk will read.

Mr. CANFIELD. Mr. Chairman, I ask unanimous consent that the bill be considered as read and be open for amendments and subject to points of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. Does any Member seek recognition to make a point of order against any part of the bill? [After a pause.] The Chair hears none.

Mr. CANFIELD. Mr. Chairman, as stated in the report on the bill, the provision in the bill prohibiting the purchase of typewriters was intended to prevent acquisition of new typewriters for use in the operations and administrative activities of the various agencies of Government.

The gentlewoman from Massachusetts fortunately has discovered that the provision recommended by the committee might prevent the effectuation of certain programs for the benefit of veterans, which the committee definitely did not and does not desire.

Therefore we are happy to offer a committee amendment which will cure this defect in the proposed language. In order that the record may be clear, I should like to state that the language of this amendment will permit the purchase of typewriters under programs such as those authorized by Public Law 16, Seventy-eighth Congress, Public Law 309, Seventy-eighth Congress, as amended, and possibly certain other laws administered by the Veterans' Administration where the veterans are beneficiaries of care, vocational rehabilitation, occupational therapy and benefits incidental to that type of activity. But the amend-

ment does not permit the Veterans' Administration to purchase typewriters for its regular operations, or use by its own employees in offices, hospitals or other administrative activities.

Mr. Chairman, I offer a committee amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CANFIELD: On page 21, line 14, strike out the parenthesis and period and insert "and typewriting machines for veterans under public laws administered by the Veterans' Administration."

The committee amendment was agreed to.

Mr. MILLER of Connecticut. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Connecticut: On page 22, line 7, add the following:

"In the event the Director of the Bureau of Federal Supply is unable to furnish any such agency with suitable typewriters of special type out of stock on hand, he may purchase such manually operated machines at the average list price of the industry less 30 percent out of funds specifically appropriated for that purpose."

Mr. MILLER of Connecticut. Mr. Chairman, the Committee will recall that last year we had some debate on the question of writing into the Treasury appropriation bill a price ceiling on typewriters. The chairman of the subcommittee handling the bill the gentleman from New Jersey [Mr. CANFIELD] stated at that time that his committee was going to go into the whole question and make a thorough study of the procedure to be followed in the procurement of the typewriters. That investigation has been completed and the committee has come up with some rather interesting findings. I understand that they have discovered that the Federal Government owns three and a fraction typewriters for every secretary, stenographer, and typist on the Federal pay roll.

My attention was called this afternoon to the fact that the language of this appropriation bill may be so restrictive that an agency of the Government, such as the Atomic Energy Commission, for example, would be barred from purchasing special typewriters that it is anticipated they will require next year. I am informed that there are no typewriters of the kind needed by the Atomic Energy Commission now in the possession of the Government. They will want typewriters that use symbols and hieroglyphics instead of the alphabet keyboard.

Because of that situation I have offered the following amendment. On page 22, at the end of line 7, add the following:

In the event the Director of the Bureau of Federal Supply is unable to furnish any such agency with suitable typewriters of special type out of stock on hand, he may purchase such manually operated machines at the average list price of the industry less 30 percent out of funds specifically appropriated for that purpose.

Last year I stated very emphatically that as a matter of principle I was opposed to writing into an appropriation

bill a price ceiling on typewriters. I urged then that typewriters be bought as are all other Government supplies, either through negotiation or by competitive bids. I am glad that the Appropriations Committee has eliminated from this bill the objectionable and obsolete price ceiling.

In closing I want to make it clear that I do not advocate any amendment to this bill that would permit any agency of the Government to buy a single typewriter that is not needed. If the language of the amendment I have proposed is not sufficiently restrictive and if after further consideration in the other body more restrictive language can be substituted, I would certainly support it.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Connecticut. I yield.

Mr. CANFIELD. It is the understanding of the committee that the gentleman's amendment applies to a unique type of typewriter which has to be especially constructed and not the regular manual or electric typewriter.

Mr. MILLER of Connecticut. That is right. I do not mean that the Treasury Department or some other department can buy a typewriter just because they do not want the one that has already been furnished for them. But this is for especially built typewriters with a special keyboard or some other special characteristic. The Government might not have any of those, so these agencies could go out and buy them under the language of this amendment if they can justify their purchase before the Committee on Appropriations.

Mr. CANFIELD. The chairman of the committee accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. MILLER].

The amendment was agreed to.

Mr. CANFIELD. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GRAHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5770) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1949, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

Mr. CANFIELD. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. DIRKSEN asked and was granted permission to revise and extend the remarks he made in Committee of the Whole and include certain excerpts.

Mr. JENNINGS asked and was granted permission to extend his own remarks in the Appendix of the RECORD.

THE FISCAL SITUATION

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, the Federal Government is headed straight for bankruptcy, if it is not already bankrupt. The Republican leadership, after faithfully promising to reduce Government costs, is now blithely repudiating its pledged word. Practically every appropriation measure for general operating purposes for 1948 showed an increase over that of the previous year.

Appropriations made for 1949 exceed those of last year. The measure before us appropriates for the Postal and Internal Revenue Departments \$62,000,000 more than was appropriated for them last year.

The public debt is greater today than at any previous time, and it is rising daily, though the Treasury statement does not show this. The alleged reduction of the debt shortly after the close of hostilities was in reality no reduction at all, but merely a bookkeeping transaction.

The public is not going to be deceived in believing taxes can be reduced while at the same time costs are being increased without increasing the public debt. We cannot have increased appropriations and Marshall plans without pushing the Nation nearer to the brink of outright bankruptcy.

I want the RECORD to show that I voted "no" on the appropriation bill just passed.

The SPEAKER. The time of the gentleman from Ohio has expired.

EXTENSION OF REMARKS

Mr. GARMATZ asked and was granted permission to revise and extend his own remarks.

Mr. HUBER asked and was granted permission to extend his remarks in the RECORD and include a radio address by Mr. George Reedy today.

Mr. BOYKIN (at the request of Mr. LUCAS) was granted permission to extend his remarks in the RECORD in two instances and to include extraneous matters.

GOLD LOOTED BY THE NAZIS

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. SADOWSKI]?

There was no objection.

Mr. SADOWSKI. Mr. Speaker, now that we are about to appropriate billions of dollars for the recovery of Europe some of us are wondering what happened to the hundreds of millions of dollars of gold that was looted by the Nazis, that rightfully belongs to the nations we intend to help.

A good many Members, like myself, have felt that perhaps this looted gold had been recovered and that these nations had obtained it, that restitution had been made. For this reason I ask unanimous consent, Mr. Speaker, to include in my remarks at this point an article entitled "The Pot of Gold," written by Jean Pajus, and I hope that everybody reads it because it is a most informative article and will perhaps show how we might save three-quarters of a billion dollars on this Marshall plan.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

(The article referred to follows:)

THE POT OF GOLD

(By Jean Pajus)

There has been much talk of late about a pot of gold. The present sad financial situation of the world is responsible for it; but specifically, this talk has to do with one of the most painful aspects of the aftermath of World War II—Germany's assets abroad.

For almost 2 years the Governments of the United States, Great Britain, and France have been trying to dry up the sources of the Nazi financial power in Switzerland. Ever since May 1946 the three Governments have been trying to make Switzerland live up to the agreement signed by her providing for the liquidation of the German assets and the erasing of the German interests in Switzerland. The objectives were to end German economic power in Switzerland, to get money for reparations, and as a contribution to the cost of rehabilitating some of the millions of victims of German fury. These objectives have failed. The Swiss refuse to live up to either the letter or the spirit of their agreement. This has been worrying Washington diplomatic and financial circles. These worries have increased recently when Governments of Britain and France intimated that they would expose the whole sordid story of the Swiss holdings by placing the entire matter in the hands of the Inter-Allied Reparations Agency—the agency consisting of 18 nations which was set up in 1946 to distribute reparations from Germany.

It was natural that the French should be aroused over the failure to deliver the German gold and assets. Their economic plight has been deteriorating steadily; they have been forced to sell their gold resources in order to import vitally needed raw materials particularly coal, paying as much as \$23 per ton for coal from the United States. Failure of the French Government, up to recently, to coax their own citizens to repatriate their gold hidden abroad has forced France to look everywhere for gold resources.

The British Government has also become conscious of the existence of the pot of gold. The British have their own reasons for thinking about gold. Gold was very much on Mr. Bevin's mind several months ago when he made the proposal that the United States

redistribute the Fort Knox gold to help Europe get on its feet. However, while that plea fell on deaf ears, it did serve to refresh the memories of our own watchdogs in Washington who suddenly recalled that the terms of the May 1946 agreement were not too hard on Switzerland, and that it was just about time that the Swiss fulfilled their pledges.

The Marshall plan had perhaps the most to do with the revival of the pot-of-gold legend. Washington, apprehensive lest a penurious Congress refuse to appropriate adequate funds required to make the ERP a success, has become quite conscious of the gold problem.

THE SWISS AGREEMENT

The Swiss, of course, are the only ones who do not like this talk about the pot of gold. To be sure, they do not criticize the agreement of May 1946 as such, because they would prefer not to reopen the discussion lest the real impact of its terms be made known to the public. The Swiss were lucky that the three allied governments were too busy at the time the agreement was negotiated to take a good look at it and because they were busy, the Swiss succeeded in making a settlement with the three negotiating nations whereby the latter agreed to accept \$58,140,000 in final payment for all the looted gold shipped to Switzerland during the war by the German Government. As regards the other German assets, the Swiss Government presented their estimates alleging that they amounted to 500,000,000 Swiss francs or \$118,000,000. At that time, the Swiss solemnly declared that these figures constituted 50 percent of all the German assets located in Switzerland and they further wanted us to believe in the accuracy of these figures, allegedly based on a so-called census conducted in Switzerland by the Swiss Government.

It would appear that the Swiss were somewhat too smart for themselves. Having made an excellent bargain, they should have lived up to the nature and spirit of the agreement. But they have consistently maintained that the settlement must await the fixing of an exchange for the German mark and that they, the Swiss, must be consulted on that rate. But the rate the Swiss proposed was so unfavorable to the United States that it could not be accepted. Meanwhile, the victims of German aggression are still waiting, the refugees are still unsettled and so are the German assets.

The American taxpayer should know that the amounts offered by Switzerland are only a small part of the tremendous German assets located in all neutral countries, especially Switzerland, Spain, Sweden, Portugal, Turkey, Argentina. Our experts who are fully acquainted with the German wartime activities know about these assets and they also know that practically none of these have been tapped thus far.

As a typical illustration, Washington, London, and Paris have evidence to prove that Portugal, famous for its wartime hospitality to Allies and Nazis alike, has at the very least, \$40,000,000 of German gold hidden in her vaults, which came mostly from Holland. The experts of the three nations assert that they are able to identify the gold, bar by bar, even though the Nazis have made every effort to disguise its origin.

This is only one substantial sum that could go a long way to help western Europe. And yet, there is reason to believe, as we shall see later, that there is more than \$40,000,000 of Nazi loot in Portugal. So far, Portugal has delivered nothing.

Speaking of Switzerland however, what is the real extent of the Nazi loot hidden there? When Germany collapsed, not all of the secret records of the Nazi dealings were destroyed. Their methodical habit of writing down their

transactions left fairly complete records of their major activities; and then, too, there were important Nazi leaders available for interrogation, to supplement the records. In those days, they were willing to talk much more than they would now. But from the evidence adduced, it is possible to evaluate the size of the German pot of gold in Switzerland.

THE GENTLEMAN, DR. E. PUHL

Three years ago, when we entered Germany, the French zone was asked to deliver a certain Dr. Emil Puhl. He was wanted in the United States zone because, as vice president of the German Reichsbank, he was the real brains behind Dr. Funk, former head of the Reichsbank, convicted at Nurnberg. Dr. Puhl knew more about most of the crooked deals of the German Reichsbank than Funk, for the simple reason that he was in charge of handling them. Throughout the war, Puhl negotiated the financial transactions with the Bank of International Settlements (B. I. S.). In this capacity, Dr. Puhl used to go quite often to Switzerland during the war. While there, he also contacted our OSS (Office of Strategic Services) representatives. At one of these meetings, for instance, he assured our men that the German Reichsbank in reality was never Nazi and that it certainly had nothing to do with looted gold, or with any other unethical practices or transactions.

The last time Puhl went to Switzerland on official business was on April 6, 1945, a few days before the final collapse of Germany. As is customary with German officials, he described meticulously in his reports the persons he saw and the transactions he negotiated. And what did these records show?

At the time when he assured our OSS men that the Reichsbank was absolutely free of any stain of having dealt in looted gold, he described in detail how he succeeded in his efforts to induce his friends of (B. I. S.) to postpone the publication of its financial statement. He did it, he said, because he was anxious to hide the extent of the Nazi gold transactions with Switzerland. In his papers he described the methods used to manipulate German assets in Switzerland. Dr. Puhl played the usual German game of duplicity.

This, then, was the man who was badly wanted by the United States authorities. When he realized the game was up, Puhl began to talk. In fact, he talked frankly to both the French and Americans. What did they want to know from him? How the Reichsbank stripped its gold? What happened to the Belgian gold reserve? Where did the Germans keep their gold? Yes; he was very glad to tell everything he knew. He began by describing the movements of the gold looted in Belgium and how it was placed in the Reichsbank. He appraised its value at 550 million RM on the basis of 2,784 RM per 1 kilogram of fine gold, or about \$223,000,000 in American value. He also tried to convince his interrogators that he was grief-stricken because this gold was melted by the Reichsbank and disposed of in such a way that it could no longer be identified. He personally did not like the transaction. He also said that the Belgian gold bars were melted along with German gold bars so that they would not be recognizable. Was he to blame for the melting of the Belgian gold? No; because he only acted on orders of his government. And when he was told by his superiors to conceal the operation so that the respectable Reichsbank would not appear as a receiver of stolen gold—he did what he was told to do, he said apologetically, as a good German servant.

THE "DECENT" REICHSBANK

Dr. Puhl then began to describe the various methods used by the Reichsbank to

conceal its looting activities. The sum and substance of the story was that the gold looted by the German Government during the war was placed at the disposal of the Reichsbank and earmarked as miscellaneous assets available at sight.

In order to completely obliterate any traces of the looted gold, the Reichsbank melted the looted bars in the Berlin mint, which gave the bars new markings. When Dr. Puhl was questioned on the propriety of such an illegal operation, he revealed that this was the usual practice of the Reichsbank under the Nazis, as the German Central Bank was in the habit of resmelting all gold bars which it received. Faithful to his master, Dr. Goebbels, he blamed this Nazi practice on the Russians, because the latter, he claimed, used nonstandard shapes in marking their gold bars.

Dr. Puhl had an assistant by the name of Dr. Reinell. He, too, was available. They both described the various movements of the stolen gold. When memory suddenly failed them, they referred their interrogators for further details to Dr. Wilhelm, who was in charge of gold movements, and to a Dr. Devrient, chief of the accounting department of the Reichsbank, both residing in Munich at that time.

Meanwhile, both Dr. Puhl and Dr. Reinell described the movement of looted gold from Germany to Rumania, Albania, and Portugal, and finally to Switzerland. They also told how much gold was still hidden in Germany and indicated the places where it was hidden. For all additional details, Dr. Puhl referred the examiners to the books of the Reichsbank, which, miraculously enough, escaped the heavy bombing of 1945, when the Reichsbank was badly damaged. Dr. Puhl was very sure that the books and the persons he recommended to see would supply the additional details needed to complete the picture of the Nazi gold loot.

BANK OF INTERNATIONAL SETTLEMENTS (BIS)

The AMG men followed Dr. Puhl's advice. The Reichsbank records and files and officials were consulted. Not only did they corroborate Dr. Puhl's story, but in addition the following new revelations were made:

(a) A large quantity of looted gold was resmelted in Berlin and shipped to the most respectable bank in Switzerland—the Bank of International Settlements at Basel, Switzerland.

(b) Some old German debts to various European countries were repaid during the war through the BIS, in gold, which later was stolen or confiscated from these countries by the Germans.

(c) The Reichsbank maintained a huge deposit of gold in the Swiss National Bank throughout the war.

(d) Over two-thirds of all German gold shipments abroad during the war were destined for the Swiss National Bank.

The revelation of the wartime role of the BIS in the gold transactions came as a shock to our occupation authorities, for they had been brought up in the belief that the bank was one of the most respectable institutions in Europe. They did not know much about its peacetime activities, except that it was concerned with German economic and financial matters, and that its board of directors comprised well-known bankers representing the central banks of the Allied countries and of Germany. It was public knowledge that Germany's representatives were Hjalmar Schacht, Paul Reusch of the German steel industry, and Baron von Schroeder, the man who put Hitler in power by bringing him together with von Papen and Hindenburg. Of course, the initiated ones knew that about 50 percent of the bank's assets were invested in German businesses and that in addition to its ostensible role, which was that of facilitating the reparation payments under the

Young plan, the most important prewar activities of the bank were to facilitate Schacht's plans for weakening the economies of Germany's prospective victims.

AMERICANS IN LEADING ROLE

The American interests were well represented in the bank even though the Federal Reserve bank was not a member of the BIS. This was due to the fact that the BIS was the child of the Dawes and Young plans, both of American origin. The fact that Americans had made heavy loans to Germany in the twenties was also a factor in appointing American bankers as presidents of the BIS. But this did not mean that the American people knew what was going on there.

Switzerland being the foster mother of cartels and most of the international secret deals, it is quite natural that the activities of the BIS were always shrouded in mystery. The mystery deepened when one of America's outstanding bankers, Leon Fraser—the president of the BIS during the years when Schacht succeeded in acquiring the domination of the European economy—committed suicide on the eve of our victory in Europe. Did Mr. Fraser fear that the fall of Germany would reveal the pro-German activities of the bank? Nobody knows the answer. The only other fact known was that for 5 years, at a time when the fate of the world hung in the balance, and at a time when millions of fighting men bled and died, it was an American, Mr. Thomas McKittrick, who presided at the meetings of the board of directors at Basel, Switzerland, where the British, French, Italian, Belgian, and German bankers discussed their financial affairs. It is reasonable to suppose that all sorts of transactions involving the Axis took place during these fateful years of 1940-45, but the world at large has not been told anything about them. At one time there was talk of German-Vichy money passing from France, via the BIS, to north Africa and thence to the United States.

In 1942 it became common knowledge that the BIS was heavily involved in purchasing gold from the German Reichsbank, ostensibly to service the German essential activities in Switzerland. In order to explain these activities, it was alleged in Switzerland that the heavy purchases of German gold were intended to maintain the German payments to Swiss creditors, to meet the current expense of the German legation in Switzerland, to cover interests on gold mortgages, to pay for insurance premiums, to pay for electric current from Switzerland to Germany, to pay the interest on credits due on the stand-still agreement, to make payments for German invalids recuperating in Switzerland, etc.

As the list of these allegations and explanations lengthened it became all too evident to the Allies that Germany was using Switzerland as a receiver of her ill-gotten loot. To begin with, the extent of the prewar gold holdings of the Reichsbank was no secret. While it was common knowledge that during the early years of its activities, the BIS was called upon to act as a clearinghouse in matters dealing with obligations assumed by the Germans under the Young plan, these payments were not made in gold. It was only after Germany conquered almost all of Europe, and especially in 1942, that the German Reichsbank began making huge transfers in gold to Switzerland. It is worthy to note that these transfers of German gold to Switzerland took place at the height of the success of the German armed forces and at a time when they certainly did not think of losing the war. Nor was the term of safe haven, which played such a prominent part in Germany's gold shipments later on, even thought of at that time.

THE SWISS BANKS WERE WARNED

Since the Allies knew the full extent of Germany's prewar holdings, and since the

Allies also knew the extent of all possible legitimate acquisitions of gold by Germany, they plainly warned the Swiss bankers that, regardless of the pedigree claimed by the Reichsbank, they would consider all gold emanating from German-controlled territories as loot.

This notwithstanding, the BIS officials always had a ready answer. The gold was purchased, they said, legitimately and checked against the declaration of the Reichsbank as to origin and legitimate ownership. In fact these officials expressed indignation when the Allies reminded them that there may be something unethical involved in their gold transactions. At times their conscience began to bother them, but business was business and they generally managed to assuage their conscience. This is how they solved their moral problem. Since they were officials of a bank, it was incumbent upon them to accept the gold sold to them, because it was earmarked to cover interest transfers. They admitted that the question of its origin had legal as well as moral aspects. However, since legally the transfer of gold constituted legal tender, the creditors were forced to accept it, because failure to do so would absolve the debtors. Moreover, the officials felt that they could not afford to hurt the stockholders of the bank.

One wonders how the bank stockholders solved their moral problem. Strengthened by the fact that all pleas made by the occupation forces in 1945 to investigate the BIS wartime activities fell on deaf ears, the stockholders of the BIS have recently decided to give new life to the BIS by making it a clearinghouse for nine nations, all former victims of Germany, such as France, Holland, Luxembourg, Italy, etc.

As for Britain, most of her bankers have always been the champions of the BIS. Way back in the twenties they invested huge short-term loans in Germany which went a long way to make the German heavy industry what it was under Hitler. Apparently they have never forgotten these investments and they are still anxious to make them prosper. They showed their affection for the BIS at a time when the Bretton Woods Conference insisted on abolishing the BIS, because it felt that in postwar Europe there was no need for a bank which was so intimately connected with Schacht and Von Schroeder. The British bankers protested loudly against the Bretton Woods decision to liquidate the BIS, and they still do. These British bankers who protested so loudly at that time are the very same bankers who defeated the Allied policy towards Germany after World War I. They are out to defeat our policies after World War II and one must admit that they have done their job quite well up to now.

In summary it is clear that the BIS owes the victims of nazism an accounting of its wartime gold transactions, and of the other transactions revealed by Dr. Puhl.

COOPERATION WITH THE NAZIS

Immediately after the outbreak of World War II, Switzerland began playing the role of the financial banker for Nazi Germany. Leading Swiss banks—commercial and private institutions—all vied with each other for the German business. All of them were only too eager to do business with the Germans. They did not inquire whether it was legitimate or not. With the proceeds of the sale of gold, the Nazis were able to obtain badly needed foreign exchange. The only currency freely transferable during the war was the Swiss franc, and with the latter the Germans were in a position to procure all materials from other countries which did not operate on a barter basis with Germany or did not have a clearing arrangement with it.

These francs also enabled Germany to pay for espionage, propaganda activities, and for high priority materials.

There was another major reason why Switzerland was selected as the base of operations. It was easy for Germans to make a franc deposit in a Swiss bank and transfer it to the western hemisphere by the simple device of transferring a Swiss bank balance to the account of an Argentine bank. Another method used was the acquisition of a peso balance in an Argentine bank, also through the sale of Swiss francs. When the Germans needed to make transfers to the United States or to any Latin-American country, this was also easily done through Switzerland.

In the field of trade, Germany's subsidiaries operating abroad were able to ship such goods as chemicals and pharmaceuticals to business associates in the Western Hemisphere, and the proceeds of these sales were transmitted to Germany via Switzerland. And speaking about these transactions, we, in the United States, have good reason to complain because during the war the German goods emanating from neutral countries, such as Switzerland, were shipped to Latin America, thus sustaining the German trade-marks in Latin America at a time when Germans themselves were unable to deliver goods.

Indeed, Germany made excellent use of the Swiss who have served for a number of years as international bankers for German firms. The activities of these banks have been protected in Switzerland at all times by the Swiss Banking Secrecy Act, which does not allow the identification of the ownership of the accounts placed with Swiss banks. Only abrogation of this banking secrecy act would make it possible to know the extent of German holdings. However, the most notorious banks active in German affairs are known to the allies. Outstanding among these are the Roechling & Co. and Sturzenegger & Co., Basel.

Another bank which has acted as a very important cloak for German financial transactions in Switzerland during the war is the Johan Wehrli Co., a private bank located in Zurich. This bank has a large subsidiary in Argentina which today harbors a large number of secret accounts owned by German citizens. As is known, Argentina has been very sympathetic to Germany, hence it is very difficult to ascertain the exact holdings of Germans in Argentina.

To indicate to the layman the extent of the German industrial holdings it will be sufficient to mention the infamous I. G. Farben combine, now being tried at Nuremberg. Its subsidiary in Switzerland, the I. G. Chemie, has been operating for a number of years and it is estimated to be worth over \$100,000,000. It must also be mentioned that the I. G. Chemie owns and controls the American General Aniline & Film Co., estimated to be worth about \$60,000,000. Another example is the European reinsurance business which, before the war, was controlled by Germany from Munich. Munich, in turn, operated through the Zurich branch. These two cases alone would indicate the tremendous commercial assets held by Germany in Switzerland. If we add the subsidiaries of Thyssen, Krupp, the Bosch, Merck, Siemens, and other German giants, totaling at least 214 firms, operating in Switzerland, it is clear that the value of these assets runs into the billions. It would thus appear that the figure of \$118,000,000 given by the Swiss census of German assets is ludicrous.

"POT OF GOLD" ANALYSIS

But to return to the pot of gold, our men followed Dr. Puhl's advice and made an analysis of the books of the German Reichs-

bank. The following transactions were revealed:

Movement of German gold

INCOMING	
Germany entered the war with	\$120,000,000
Germany took from Austria	46,000,000
Germany took from Czechoslovakia	33,000,000
Germany took from Danzig	4,000,000
Germany took from Poland	12,000,000
Germany took from Holland	164,000,000
Germany took from Belgium	223,000,000
Germany took from Yugoslavia	25,000,000
Germany took from Luxembourg	5,000,000
Germany took from France (private holdings)	53,000,000
Germany took from Italy	64,000,000
Germany took from Hungary	32,000,000
Total	781,000,000

OUTGOING	
Sold to Swiss National Bank	276,000,000
Sold to Swiss commercial banks	20,000,000
Sold to Swiss banks, thence to Portugal and Spain	138,000,000
Sold to Rumania	32,500,000
Hungarian and Italian gold	293,000,000
Sold to Sweden	18,500,000
Sold to Balkans and Turkey	10,000,000
Total	788,000,000

On the other hand, the official gold movements between January 1, 1939, to June 30, 1945, were reported as follows by the Swiss:

Purchased from Germany	\$282,900,000
Purchased from Portugal	12,700,000
Purchased from Sweden	17,000,000
Sold to Germany	4,900,000
Sold to Portugal	116,600,000
Sold to Spain	42,000,000
Sold to Turkey	3,500,000

The first column plainly shows that Germany, during World War II, looted \$661,000,000 of gold. If we add \$120,000,000 constituting the approximate amount of gold Germany had when she started the war, we arrive at a figure of \$781,000,000 handled by the German Government.

The second set of figures shows how the gold moved out of Germany. If we eliminate the gold sold to Rumania, Sweden, and the Balkans and Turkey, and the treasure belonging mostly to Hungary and Italy, we arrive at the conclusion that at least \$434,000,000 in gold was officially reported as having been shipped to Switzerland.

This figure comprises the \$138,000,000 received by Switzerland on deposit and later shipped to Spain and Portugal for German account. In addition, the Swiss purchased \$17,000,000 from Sweden, which the experts also consider loot.

A further check of the ledger of the German Reichsbank made it very plain that at the very least \$579,000,000 in gold was looted from Germany's neighbors and made available to the Reichsbank. This figure is a very conservative estimate based upon official entries of the Reichsbank found after the fall of the Nazi regime.

In addition to the official figures of gold shipments to Switzerland and other countries, it is also known that:

(a) Just before the downfall of Germany, there was one large shipment of gold out of Germany, presumably to Switzerland, which was not included in the books because the latter were already closed. How much—we don't know.

(b) There were other gold shipments which were not put down in the Reichsbank books, but which were alluded to in other documents of the Reichsbank.

(c) There was a \$12,000,000 loot belonging to the Italians which was shipped directly to Switzerland.

Exhaustive efforts were made to determine whether Germany had made substantial gold shipments to other countries or whether she was hiding it elsewhere in Germany. A search of all possible hide-outs did not reveal any substantial amounts left in Germany at the end of World War II. Nor did the books of the Reichsbank reveal any extensive deposits of gold in any other country but Switzerland.

It is known that Germany had very little legitimate gold that she could claim. A detailed analysis which includes tracing, processing, and disposition of gold at the end of the war in Germany or disposed of in non-Swiss countries, reveals a total sum of \$169,000,000. Subtracting \$169,000,000 traced to German ownership and to metal sent to non-Swiss countries from the total German loot amounting to \$579,000,000, there remains a balance of \$410,000,000 of gold, or more than the entire amount of known shipments to Switzerland proper to be accounted for.

In making these calculations the experts tried to be as fair as they could to the Swiss. They traced all legitimate gold held by Germany prior to the outbreak of the war in order to eliminate all possible errors. They proved that Germany as of June 1940 could not have had more than \$183,000,000 of non-looted gold. Between September 1939 and June 1941 Germany received \$23,000,000 gold from Russia. Again, in order to make it as favorable as possible to Switzerland, the experts assumed that all the Russian gold was sent to Germany after 1940. They subtracted all known shipments to Switzerland which took place before June 1940—the German invasion of western Europe—and only took into consideration the gold received by Switzerland after that date.

After making all the necessary calculations, they arrived at the conclusion that all the gold available to the Germans after June 1940 could not have exceeded \$785,000,000, of which \$579,000,000, or 74 percent, was loot. The Swiss received at least \$398,000,000, the experts claim, and they knew that most of it was looted.

Thus it is clear that the 1946 settlement with the Swiss calling for a payment of \$58,000,000 does not take care of the German pot of gold located in Switzerland.

In summary, the case against Switzerland is a strong one indeed, because the Swiss, as well as the Allies, know that all the gold shipped to Switzerland from 1942 onward was loot. What is more, the Allies plainly warned the Swiss in 1943 that the gold they were purchasing from the German Reichsbank was loot, and that all Germany's legitimate gold was exhausted. Notwithstanding these warnings, the Swiss proceeded apace and received large quantities of gold which they knew to be loot. It can be presumed, therefore, that the Swiss did not take into consideration a possible German defeat or that the Swiss felt so sure of themselves that they didn't care to listen to any warnings on the part of the Allies. Perhaps it would be charitable to say that the Swiss did not bother to investigate the odor of the pot of gold. But we are not concerned with Switzerland's conscience. That is her business. Our aim is to:

(a) Help the harassed American taxpayer.
(b) Ferret out the pot of gold from Switzerland.

(c) Place this treasure at the disposal of the 16 nations of the Marshall plan.

(d) Eliminate once and for all the German nest egg set aside in Switzerland to prepare for another holocaust.

(e) Put an end to the conspiracy of silence which has surrounded the whole problem of Germany's assets abroad.

(f) Bring about an investigation of the BIS, and do away with institutions which in the past have worked for Germany's benefit.

EXTENSION OF REMARKS

Mr. TALLE (at the request of Mr. CANFIELD) was given permission to extend his remarks in the RECORD and include a letter from the Iowa State Conservation Committee.

Mr. POULSON (at the request of Mr. CANFIELD) was given permission to revise and extend his remarks.

Mr. FALLON asked and was given permission to extend his remarks in the Appendix of the RECORD and include a radio speech he made recently.

Mrs. DOUGLAS (at the request of Mr. SADOWSKI) was given permission to extend her remarks in the Appendix of the RECORD and include a copy of a bill.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the call of the Committees in order on Calendar Wednesday of next week may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EASTER RECESS INDEFINITE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, a great many Members in recent weeks have been inquiring of me as to the determination which may have been made with respect to an Easter recess. As we all know, of course, throughout the years it has been customary to try to arrange the affairs of the House so that Members would have an opportunity at Easter time to go home to be with their families or to do such other things as they might wish. On this occasion, however, in view of certain matters of extreme importance that might be ready for floor action at about that time, I can say only that at the moment there can be no assurance given as to any so-called Easter recess. It has not after all been a real recess. The House has generally been in session, but Members have not had to feel it necessary to be here because of the nature of the matters coming before it.

As I say, however, at this particular time, because of the possibility of very important matters reaching the floor for action, there can be no assurance to the membership as to an Easter recess.

The SPEAKER. Under the previous order of the House, the gentleman from Washington [Mr. HORAN] is recognized for 30 minutes.

WHAT KIND OF PREPAREDNESS FOR AMERICA?

Mr. HORAN. Mr. Speaker, for 2 days this week we have been considering legislation designed to raise the morale and to improve the continuity of our personnel in the armed services. During these 2 days I personally was very active making inquiries as to the probable costs and the possible savings in any change in the present pattern of our national defense system. I have been making a study of the impact of war upon our American economy.

The President in his budget message of January 12 said:

In the fiscal year 1949, 79 percent of our expenditures directly reflect the costs of war, the effects of war, and our efforts to prevent a future war.

Again the President in his State of the Union speech on January 7 has stated:

The passage of the National Security Act by the Congress at its last session was a notable step in providing for the security of this country. A further step which I consider of even greater importance is the early provision for universal training. There are many elements in a balanced national security program, all interrelated and necessary, but universal training should be the foundation for them all. A favorable decision by the Congress at an early date is of world importance. I am convinced that such action is vital to the security of this Nation and to the maintenance of its leadership.

"TRIPLIFICATION"

As my esteemed colleague, the vice chairman of the Congressional Air Policy Committee, the gentleman from California, the Honorable CARL HINSHAW, said earlier today, all of these so-called interrelated programs and component parts of our national defense system have a bearing upon the solvency of our Nation for all of them have to be added to the 79 percent of the taxpayers' dollars now going to the cost of war.

I am wondering if this necessarily has to be.

I do know that many of us when the National Security Act was passed had the inward hope at least that it would reflect a saving in the costs of maintaining an adequate national defense, that it would cut out duplications, that it would increase efficiency and altogether make for a streamlined and coherent national defense pattern.

But so far I am personally not satisfied that we have achieved these desirable objectives. My colleague from California has hinted this afternoon that the result has been "triplification."

The budget seems to grow and grow as we pass legislation affecting the military arm of our Government.

A TIME TO THINK

So far the most ready answer that I have received when I inquire in an off-the-record manner of those who are directly interested in some certain piece of legislation is to point out to me what the cost per day of a shooting war is. Their arguments are, of course, unanswerable. But today we are not at war;

at least, there is a truce, and if we are to remain a solvent and a dominant nation, and if we are to conduct our fiscal and national affairs as a capitalistic society, it becomes incumbent upon us to explore ways and means to obtain results at every possible saving.

There are many ways in which we can defend the good name of the United States. We must, of course, defend it against invasion and defeat by land, sea, or air. We must maintain our right to freely participate in the channels of world trade, lest the drying-up of our export markets work its hardships upon our commerce and economy as is the condition in England today. We must maintain a rational society lest a revolution of the ballot engendered and inspired by national insecurity and insolvency change overnight by constitutional and legislative ways our form of government. And, of course, if we are to remain a capitalistic nation we cannot safely follow loose fiscal policies forever.

THE NATIONAL SECURITY ACT

Therefore, during this truce, I believe that some inquiries should be made into the operations of the National Security Act. If they are not resulting in increased efficiency I believe that it is incumbent upon this Congress to ask why. If we have reason to believe that in peacetimes it is safe to expect modifications and rearmaments which could result in increased effectiveness at less cost, I believe that it is incumbent upon this Congress to find out whether this is being done. Certainly the direction in which we now drift indicates that before the year 1950 is reached the cost of wars will have passed the percentage of 79 and will approach, if not exceed, the proportion of 85 percent of the budget dollar. And those who in peacetimes would point to the precedent of the costs of war when the shooting is going on are in effect asking us to proceed further and further into the mire of larger and larger public debt. And in this direction eventual surrender of all of our freedoms is a certainty.

It is for this reason that I have taken the floor today to pose a number of questions which I believe have a direct bearing upon our efforts at this time to restore some sense of balance to these enormous expenditures and to glean from them the maximum of national defense. Certainly if we as individuals are to spend \$39,000,000,000 for national defense, we should demand the maximum return upon those dollars.

WHY A DEFENSE?

Therefore, my first question is: Why must we maintain an adequate national defense?

To all of us the reason is obvious. It is because of our foreign policy. We have undertaken to stop the spread of totalitarian systems with money, material means and military aid short of war. We are transfusing empires and supporting unstable governments in an effort to build a bulwark against the expansion of totalitarianism. Today the situation is extremely critical. No realist can deny that we might blunder into war any day, and any war will of necessity be a threat to our security.

FIGHT WHOM?

My second question is just whom are we going to fight? Just who is a formidable potential enemy? It would seem that a clear concept of this should be had before placing so large a share of the national budget in the maintenance and enlargement of our national-defense program.

Army Secretary Royall in his order yesterday forbade military personnel even to comment on this question, and apparently has placed the burden on us in civilian life to thresh out and answer the question: Just whom are we going to fight?

In the absence of a specific threat, we must necessarily turn to a broader concept of a national defense program, adaptable in time of conflict.

Two very important reports regarding our future air plans, both civilian and military, have been made within the last 6 weeks.

The first report was prepared by the President's Committee on Aviation Policy and the second was by our own Congressional Committee on Aviation Policy, of which my colleague, the Honorable CARL HINSHAW, is vice chairman.

MODERN WAR

This latter was released March 1 and, on page 10 of this report, I call your attention to section 2, which states:

The primary military objective of modern warfare is no longer the armed forces of the enemy. The primary objective is the war potential or, in other words, the industrial organization and the resources of the enemy.

Then follows a detailed discussion of this matter of strategy.

I know that we are in complete agreement with this finding. Nevertheless, the military preparedness program now before us does not show a unified cognizance of this needed stress on a preparedness pattern that would carry out the quoted objectives.

Meanwhile what is our other hand doing about peace and the prevention of war?

It so happens that I personally sit on the Appropriations subcommittee that passes on the budget of our Department of State. In that budget alone we appropriate much money for national security preparedness of a different nature. The high hope and only justification for the so-called Voice of America is that it will make nations which speak different languages and have different alphabets, different religions, different economics better able to understand each other so that in understanding each other better, peace may be possible.

HOW CREATE GOOD WILL

I am not yet ready to declare this program an outright failure. In that budget we also appropriate for UNESCO, which through the better understanding among the educational and cultural groups of the many nations may promote a better feeling. I am not ready to declare that a failure. Nor am I ready yet to write failure across the face of the proud hopes we once had as we discussed the formation and objectives of the United Nations. And so, there is admittedly some conflict in our present po-

sition—a conflict which can only be resolved by a foreign policy which will get results with any potential enemy. Certainly we cannot be too optimistic over the inability of the United Nations to bring tranquility in Palestine, Pakistan, and the Falkland Islands. But we must not give up making every possible effort in this direction.

But realism must insist that we return to the matter of strategy to be used in our own defense against an enemy, since today we appear to be drifting closer to war than to an effective peace.

WHO ARE THE PATTERN MAKERS?

My next question is: Who is responsible for our over-all national defense pattern?

This is provided for under the National Security Act.

Our present preparedness proposals as well as our current military establishment are set up and dominated by the Joint Chiefs of Staff. This staff is composed of two admirals, one ground general and one air general. There is little evidence at present to support the assumption that this staff has fully accepted the principle that is advanced in the air policy report.

This staff appears not able to agree on the principle of air supremacy because once it is accepted the Army and the Navy would be automatically relegated to supporting roles for the Air Force, important though those supporting roles would be. The element of historical and traditional drag must be recognized as a factor here.

What is increasingly accepted as the logical pattern is unacceptable to the Joint Chiefs of Staff as now constituted. They are psychologically incapable of supporting it. In this sense it may be said that the so-called program adopted last year has failed to give us a unified national defense program. Many men in Congress feel that it should and that a unified national-defense program should at this time be in effect. It is this fact which makes the work of us who are directly responsible to the American people so difficult at this time.

This morning's papers report that the Secretary of National Defense is working on the matter. It is high time.

THE DEFENSE BUDGET

Does the present national defense pattern as expressed in the budget request now before Congress take the newly designated role of the Air Force fully into consideration? All budgets are confusing, they include transfers, outside functions and duplications but on page nine of the air policy report, House Document 949, there appears a clarified listing of the items in the present budget. The Congressional Aviation Political Board sent their own accountants into the national defense budgets to get a clear picture.

And so in the budget presently before the Congress we find approximately: for the Army, \$3,120,000,000, not including civil functions; for the Navy, \$4,800,000,000; for the Air Force, \$3,500,000,000.

Let us now explore the Joint Chiefs of Staff's budget proposals in the light of probabilities:

First. The Joint Chiefs of Staff proposed \$3,120,000,000 for the Army—mostly for the ground forces.

In the light of the reasons already expressed, this would appear to be reasonable.

CAN IT BE CUT?

Second. The Joint Chiefs of Staff, according to House Document 949, in the budget propose four billion eight hundred million for the Navy.

And yet our present naval position compared to any other country's naval strength is totally favorable already. Our fleet can control the sea and perform in an admirable manner the mission assigned to it by the President's Executive order of July 1947. The only formidable opposition to our Navy at this time is in the hands of a friendly ally.

It appears clearer now that if war comes, we can be conclusively effective only with the quick mobility and striking force of air power. The task would be first to secure bases within range of the industrial heart of the enemy.

This is where unification, real unification, comes in. The bases must be so selected that water or desert or mountains preclude a general engagement with the enemy. From these bases air power must be unleashed, first to destroy the enemy's air force and then to destroy her means to wage war, that is, industrial plants, communications, and the shelter of her people.

To win such a war we must have an air force, in being, superior in combat characteristics and sufficiently strong in numbers to destroy the enemy's air force quickly. This Air Force would have to be in two great parts—the overseas offensive striking force and a defensive force to defend the continental limits of the United States, our air bases, and our lines of communication.

NEW APPRAISAL

If the above concept is accepted, Air Force becomes our principal arm and the Ground Force and fleet become supporting arms to the Air Force. Consequently, great masses of troops for ground combat against the opposition are unnecessary.

The type of men required to implement the air concept must necessarily come generally from our universities and high schools. This concept makes real sense out of the action of the Congress last Tuesday, when we passed the reserve bill. The air concept requires a peacetime air force, in being, and superior to that of any potential enemy. It requires sufficient ground forces in the regular establishment to seize by airborne operations the necessary overseas bases immediately following initial hostilities. The fleet is already large enough and in being.

Tuesday the House passed a retirement bill which should serve to keep more continuity in the personnel of our armed services, particularly those in the Army.

THE AIR ARM

It is asserted by certain top-flight leaders and students of the air concept that the budget for Air Force during the

fiscal year 1949 should be \$5,000,000,000, and for succeeding years seven and one-half billion, in order for us to retrieve American air supremacy.

Whether these figures can be fully justified remains to be seen. Doubtless the hearings on the appropriations for the present budget will be enlightening. In any event, in view of our foreign policy and the present critical situation throughout the world, it would appear essential for our national security that adequate sums be made available.

The minimum of six divisions ready to move by air lift on a moment's notice is said to be essential. A determination should be studied and weighed as to whether or not these divisions can be made ready without increasing the present authorized strength of the ground forces. It will mean employment of more civilian personnel in the United States and the release of soldiers from military government, police duty, and administrative assignments from among troops on occupational duty. These shifts in assignment of military personnel in order to ready six combat divisions is obviously a matter of administration and its feasibility should be determined.

An enormous saving can be made in the Navy budget if the duplication of roles and missions is eliminated. We are told that the Navy is moving rapidly into the roles and missions assigned to Air Forces. It appears to be here that unification needs clarification. If this is true it should not be permitted. I am most reliably advised that \$2,000,000,000 could be saved if strict compliance with the President's Executive order of July 1947 is required. The question is also raised as to the strategic advisability of building 80,000-ton flat-tops at enormous cost. Research, yes, against the danger of inadequacy or obsolescence at some future date in time of battle—but new construction now seems extravagant.

There should be improvement, modernization, and expansion of ROTC both in high school and college. Reserve units should be organized at once and Reserves should be paid as Congress provided this week. The present National Guard program is sound and should be completed without delay.

Any modification such as was acted upon by the House with respect to Reserve units that might adversely affect the status, the great record, and potentialities of the National Guard should be watched closely and corrected immediately.

Is it necessary to exceed at this time the President's budget in order to achieve an adequate and correct national defense pattern?

It is my contention we should explore every possibility to keep our peacetime—or at least armistice period—expenditures within a balanced budget. We can hope, can we not, to lower them? Certainly they are high enough now, and any program that will boost them still higher should be considered in all seriousness by this Congress of the people of the United States.

It is said the total in the President's 1949 defense budget need not be exceeded to implement the air concept of

national defense. A proper apportionment among the forces has been estimated as five billion for the Air Force, three billion for the ground, and two billion for the Navy. Whether these figures are correct is for those who are considering these budgets to determine. For future years sufficient funds should be allocated to the ground force and fleet in order to enable them to perform the roles and missions assigned in the President's Executive order of July 1947.

Therefore, in the light of developments of very recent times, the feeling grows here among legislators, military realists, and others that the budget should not be Army three and twelve one-hundredths billions; Navy, four and eight-tenths billions; and Air Force, three and five-tenths billions, but should rather read Air Force, five billions; ground forces, three billions; Navy, two billions.

The feeling also grows among qualified military observers that the list of priorities should be:

First. The strongest Air Force in the world.

Second. An improved intelligence service.

The one we have has in some ways been a publicity department rather than a strictly intelligence service.

Third. The best scientists in the world.

In this connection our Nation cannot safely permit any Nation to surpass us in scientific knowledge.

Fourth. A navy supreme on the ocean.

We must bear in mind that our only potential naval enemy at present is England. And we surely expect no trouble from her.

Fifth. Adequate foreign garrisons which, of course, can only be serviced by professional soldiers who are suitable for foreign garrison duty.

Sixth. An expeditionary force of at least 100,000 men.

Many consider the lack of such a force now as perhaps the weakest aspect of our present defense organization.

Seventh. The staffs, service schools, supply depots, training cadres, and mobilization machinery necessary to conduct the induction, organization, equipment, and training of a mass army of the World War II type if and when the need for it actually does arise.

Naturally mobilization should begin the minute hostilities break out or foreign relations break down and in this connection I call your attention to the recent announcement of General Hershey. Why General Hershey has ordered reconstruction of the draft machinery at this time is a question which should be answered fully to the American people.

One may rearrange these points in the priority order desired but most realists feel that the so-called universal-military-training program would add but little strength to any of the above seven priorities for a national-defense pattern. In some ways, it is asserted, it would weaken it.

It merely adds a pool of millions of partly trained reservists and it would subtract from the first-line forces at least 150,000 trained soldiers. Many also

feel that such a universal-training program would require the absence of needed employables from our farms and industries which in total war are a large element of our national defense system. It is at least clear that any defense program needs to be geared to today's probabilities. Note is made that we possess already millions of fully trained reservists—the veterans of World War II, and the point is made that there will still be 4,000,000 of these of suitable combat age in 1953.

Advices from the Pentagon indicate that as of January 1, 1948, the strength of our present armed forces by branches was: Army, 560,000; Navy, 394,000; Air Force, 338,000; for a total of 1,292,000.

We are told the Army strength is at present declining slowly due to failure to secure by voluntary recruiting sufficient replacements. The Navy, we are told, is holding its own while the Air Force is increasing its strength gradually.

There is, to my knowledge, no nation which in the past or present has maintained an armed force of this size by voluntary recruiting alone, and this makes the present American experience all the more noteworthy. It is asserted in 1938 the German armed forces with conscription amounted only to 950,000. Perhaps China has raised a larger volunteer army than our present one, but that is a difficult fact to determine.

Military realists' advance calculation of the facts involved indicates that the sort of strong national defense to supply the required manpower would be as follows—up to 1952 only—Army, 660,000; Navy, 225,000; Air Force, 500,000; total, 1,385,000.

This would, of course, amount to 93,000 more men than these same defense establishments contain at present.

Such a plan, it will be noted, cuts the personnel of the Navy by 168,000 men. This is done because the present Naval Establishment is larger than necessary at the present time. In 1939 it numbered, including Marines, roughly 135,000 men. At that time we faced one potential opponent—Japan—which possessed a very large navy, and two potential opponents—Italy and Germany—which possessed navies of moderate size.

As stated before, the only threat which faces us on the seas is that from submarines and aircraft. It is asserted these specific threats can be countered by our Navy with far fewer ships and personnel than are now asked for. The direct naval threat to Britain is certainly far greater than it is to America. Yet, during the last year Britain reduced the personnel strength of her Navy to approximately 150,000 men.

If the new Defense Department has any justification for existence at all, it would appear to be that of viewing national defense as a whole and apportioning our available manpower to meet the ever-changing needs of warfare.

Certainly transfers between branches could be made, in grade, and without loss of pay or efficiency. In particular, the transfers from the naval air arm to the Air Force ought to be able to be made without undue difficulty or loss of efficiency to either service.

No one disagrees that we should have a proper modern and adequate defense pattern.

That the Congress believes this should be made manifest in many bills which have passed this body—particularly the National Security Act.

We have a right, nay, we have a duty to see that expenditures under this act reflect the highest amount of return and efficiency.

I furthermore believe that we have a duty to make sure that we do not weaken our economic and social structure through unwise and exorbitant expenditure of funds and thereby by indirection render to our Nation a fatal disservice.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly the House (at 4 o'clock and 29 minutes p. m.), pursuant to its previous order, adjourned until Monday, March 15, 1948, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1381. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$29,578 for the District of Columbia (H. Doc. No. 564); to the Committee on Appropriations and ordered to be printed.

1382. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$55,000,000 for additional aid under the Foreign Aid Act of 1947 (H. Doc. No. 565); to the Committee on Appropriations and ordered to be printed.

1383. A letter from the Chairman, Railroad Retirement Board, transmitting a copy of the report of the Railroad Retirement Board for the fiscal year ended June 30, 1947; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WEICHEL: Committee on Merchant Marine and Fisheries. Senate Joint Resolution 172. Joint resolution to authorize vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes during 1948; without amendment (Rept. No. 1556). Referred to the House Calendar.

Mr. WEICHEL: Committee on Merchant Marine and Fisheries. House Joint Resolution 338. Joint resolution to authorize vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes during the period from March 15 to December 15, 1948, inclusive; without amendment (Rept. No. 1557). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk

for printing and reference to the proper calendar, as follows:

Mr. FELLOWS: Committee on the Judiciary. H. R. 703. A bill for the relief of Leon Nikolaivich Volkov; with an amendment (Rept. No. 1552). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 2760. A bill for the relief of Thomas Camarda; with an amendment (Rept. No. 1553). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 4372. A bill for the relief of Samuel Fadem; with an amendment (Rept. No. 1554). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 4631. A bill for the relief of Antonio Villani; with an amendment (Rept. No. 1555). Referred to the Committee of the Whole House.

Mr. CASE of New Jersey: Committee on the Judiciary. H. R. 1734. A bill for the relief of Gabel Construction Co.; with an amendment (Rept. No. 1558). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. DOLLIVER:

H. R. 5813. A bill to provide a deduction, for estate-tax purposes, of the value of estate-tax bonds purchased for the purpose of paying Federal estate taxes; to the Committee on Ways and Means.

By Mr. GRANGER:

H. R. 5814. A bill to provide for the establishment and operation of an experiment station in the State of Utah for research on the production, refining, transportation, and use of petroleum and natural gas from coal; to the Committee on Public Lands.

By Mr. KELLEY:

H. R. 5815. A bill to aid in the development of improved prosthetic appliances, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. LEMKE:

H. R. 5816. A bill to amend the act of April 25, 1947, relating to the establishment of the Theodore Roosevelt National Memorial Park, and for other purposes; to the Committee on Public Lands.

By Mr. MILLER of Nebraska:

H. R. 5817. A bill to provide that the two bridges under construction across the Potomac River at Fourteenth Street in the District of Columbia shall be named in honor of Fleet Adm. Chester W. Nimitz and General of the Army Douglas MacArthur; to the Committee on the District of Columbia.

By Mr. PLOESER:

H. R. 5818. A bill to allow to corporations an exemption of \$25,000 for income-tax purposes, and to provide that the combined normal tax and surtax rate of 38 percent shall be applicable to corporations having taxable incomes of less than \$50,000; to the Committee on Ways and Means.

By Mr. POULSON:

H. R. 5819. A bill to make inapplicable to future actions and proceedings section 200 (1) and (2) of the Soldiers' and Sailors' Civil Relief Act of 1940, relating to default judgments; to the Committee on Veterans' Affairs.

By Mrs. ROGERS of Massachusetts (by request):

H. R. 5820. A bill to aid in the development of improved prosthetic appliances, and for other purposes; to the Committee on Veterans' Affairs.

By Mrs. SMITH of Maine:

H. R. 5821. A bill to establish the Passamaquoddy power project for the develop-

ment and use of tidal energy in the waters of Passamaquoddy Bay for the production of electrical power; to the Committee on Public Works.

By Mr. TAYLOR:

H. R. 5822. A bill to establish the Saratoga National Historical Park in the State of New York from the lands that have been acquired by the Federal Government for that purpose pursuant to the act of June 1, 1938 (52 Stat. 608), and for other purposes; to the Committee on Public Lands.

By Mrs. DOUGLAS:

H. R. 5823. A bill to continue rent control until June 30, 1950, and for other purposes; to the Committee on Banking and Currency.

By Mr. JONES of Washington:

H. R. 5824. A bill to provide for the conveyance of a certain housing project in Bremerton, Wash., to the Housing Authority of the City of Bremerton; to the Committee on Public Works.

By Mrs. LUSK:

H. R. 5825. A bill to provide increases of compensation for certain veterans of World War I and World War II with service-connected disabilities who have dependents; to the Committee on Veterans' Affairs.

By Mr. STIGLER:

H. R. 5826. A bill to authorize the sale of Indian lands acquired under the act of June 18, 1934, and under the act of June 26, 1926; to the Committee on Public Lands.

By Mr. ALLEN of Louisiana:

H. R. 5827. A bill to authorize appropriations for carrying out the provisions of sections 1, 2, and 3 of the act of June 7, 1924 (43 Stat. 653), as amended; to the Committee on Agriculture.

By Mr. REED of Illinois:

H. R. 5828. A bill to amend paragraphs (c) and (d) of an act entitled "An act to prohibit certain agreements fixing fees or compensation in receivership, bankruptcy, or reorganization proceedings, to prohibit the appointment of certain persons as receiver or trustee, and for other purposes," approved August 25, 1937; and to repeal paragraphs (a) and (b) thereof and all acts or parts of acts inconsistent therewith; to the Committee on the Judiciary.

H. R. 5829. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. LANE:

H. Res. 349. Joint resolution to grant free postage to members of the armed forces while confined for treatment in a military or naval hospital, and to veterans while being furnished hospital treatment or institutional care in institutions operated by or under contract with the Veterans' Administration; to the Committee on Post Office and Civil Service.

By Mr. SABATH:

H. Con. Res. 156. Concurrent resolution relative to reform in procedure before congressional committees; to the Committee on Rules.

By Mr. KERSTEN of Wisconsin:

H. Con. Res. 157. Concurrent resolution expressing the sense of the Congress with respect to the adoption of a foreign policy to protect the security of the United States by assisting free governments to resist aggression; to the Committee on Foreign Affairs.

By Mr. NIXON:

H. Con. Res. 158. Concurrent resolution expressing the sense of the Congress with respect to the adoption of a foreign policy to protect the security of the United States by assisting free governments to resist aggression; to the Committee on Foreign Affairs.

By Mr. BLOOM:

H. Con. Res. 159. Concurrent resolution expressing the sense of the Congress with re-

spect to the steps which should be taken by the President to help the people of Italy to conduct their elections free from threats and to preserve the freedom and independence of Italy; to the Committee on Foreign Affairs.

By Mr. CANNON:

H. Res. 500. Resolution authorizing the Committee on Appropriations to investigate and examine into and determine the fitness of certain Government personnel to continue in their employment; to the Committee on Rules.

MEMORIAL

Under clause 3 of rule XXII, a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Virgin Islands, memorializing the President and the Congress of the United States not to amend the Constitution of the Virgin Islands without first giving the people a chance to be heard; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAKEWELL:

H. R. 5830. A bill for the relief of Mrs. Johanna Rainey; to the Committee on the Judiciary.

By Mr. DOMENGEAUX:

H. R. 5831. A bill for the relief of Eula Mae Blanco Doucet; to the Committee on the Judiciary.

By Mrs. LUSK:

H. R. 5832. A bill for the relief of Mrs. Ida McCabe; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1528. By Mr. JENKINS of Ohio: Petition of J. Grover Matney and a number of other residents of Lawrence County, Ohio, and vicinity, opposing legislation to repeal the oleomargarine tax; to the Committee on Agriculture.

1529. By Mr. KEARNEY: Petition sponsored by the Paralyzed Veterans' Associations of America, containing the signatures of 3,517 individuals from New York and neighboring States, calling for the provision of adequate housing for paraplegic veterans; to the Committee on Banking and Currency.

1530. By Mr. MCGARVEY: Petition presented by the Sisterhood Beth-Am Israel, Philadelphia, Pa., urging the immediate adoption of H. R. 2910, in order that a fair share of Europe's displaced persons might be admitted to the United States; to the Committee on the Judiciary.

1531. Also, petition presented by Helene Bolmard, Bridget Lansey, and Margaret Lansey, requesting that all domestic workers receive the benefits provided by the Social Security Act; to the Committee on Ways and Means.

1532. By the SPEAKER: Petition of Marion B. Werner and others, petitioning consideration of their resolution with reference to immediate action on the Marshall plan; to the Committee on Foreign Affairs.

1533. Also, petition of C. H. Knight and others, petitioning consideration of their resolution with reference to early passage of H. R. 5000; to the Committee on Interstate and Foreign Commerce.